SUSTAINABILITY | SERVICE | STAKEHOLDERS

2014
ANNUAL REPORT

EP
Estradas de Portugal, S. A.

ACCESSIBILITY AND MOBILITY SERVICES
24 HOURS A DAY, 365 DAYS A YEAR
ROADS THAT DON'T SLEEP TO CONNECT US TO THE FUTURE

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Portugal
The best road network in Europe and the second best in the world

(Award attributed in the World Economic Forum's 2014-2015 Global Competitiveness Report http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2014-15.pdf)

General Concessionaire of the National Road Network: **a consistent high-quality network (with 20% high-performance roads).**

Leaders in the design, construction and operation of road infrastructures in Portugal, *with ca. 14,000 km of roads built directly and more than 1,700 km through Public-Private Partnerships.*

Multidisciplinary and multiservice company:

• Planning and Programming of road infrastructures
• New road building and road upgrading projects
• Environmental surveys and monitoring
• Coordination and supervision of construction and maintenance works
• Engineering Structure and Underwater Inspection Management System ("SGOA")
• Road safety: inspections, audits and accidents analysis
• Traffic expertise unit: transport and mobility intelligence systems
• Topography expertise unit
• Pavement Management System ("SGPAV")
• Traffic vigilance and customer assistance
• Expertise Unit in geographic information system (GIS) for businesses
• Advisory services in Public-Private Partnerships

Network and Operation:

13,664 km: Network under direct management

1,589 km: Sub-concession network

3,796 km: Roads disqualified by the PRN2000 (2000 National Road Plan)

3,500 km: Technical infrastructures

5,202: Engineering Structure

420,000: Traffic signs

4,400: Traffic lights

60: Variable message screens

254: Surveillance cameras

31: Intervention crews

44: Inspection and Support Mobile Units

12: Snow ploughs

6: Service areas

74 km: Acoustic protection devices

Environment:

4: Run-off water treatment systems

56,020: Isolated trees

64: Public interest trees

1,747 km: Line of trees

1,988 ha: Bush patches

145: Water points (springs, fountains, spouts ...)

Financials:

€17m: Net profit

€488m: EBITDA (i), down by 3%

€800m: Income (excluding construction and subsidies to construction, including **€23m** increase in **Road Service Contribution (RSC)** (+5%) and **€22m** increase in **Tolls** (+9%)

€356m: Operating Results

€941m: Turnover

€238m: Start of payments of sub-concessions programme launched in 2007, increasing expenditure

(i) EBITDA = Earnings before interest, taxes, depreciation and amortisation and subsidies

Human Capital:

1,022: Employees

20,164: Training hours

1. INTRODUCTION
1.1. Chairman's Message

Dear Stakeholders,

2014 closes a relevant cycle in the life of the company, which had started in 2012.

Since that year Estradas de Portugal took upon itself the challenging task of reducing the risk of unsustainability entailed by its business model. The responsibility for paying the 2014 sub-concession costs placed the company on a course towards uncontrolled indebtedness. With the debt hitting a peak in 2035, its maximum accumulated amount was set to reach 19 times EBITDA - a ratio impossible to finance.

Faced with this challenge, the Company launched Plan K16, which focuses on sustainability, service and stakeholders, and involved its employees in this 'nearly' impossible mission.

Over these three years, four major issues were resolutely addressed.

First, we counted on the shareholder's essential cooperation in the reinforcement of equity against the existing current debt. This support allowed the Company's debt to contract to 6.5% below its level in December 2011.

Second, we achieved a consistent streamlining of the operational models. This permitted to reduce the costs imputed to regular maintenance and the real costs of current maintenance and thus made overheads much more affordable, while preserving the quality and safety or our roads.

Third, we changed the revenue patterns of Estradas de Portugal. This was primarily done by giving greater priority to the user/payer (making toll collection more effective), but also by changing the share payable by the mobility beneficiaries through the progressive adjustment of the road service contribution.

And in fourth place, we acted resolutely, under the coordination of UTAP (the technical support unit for PPP projects), on the renegotiation of the concession and sub-concession contracts, viewing a permanent reduction in the costs for the State and the Company, and emphasising an alignment of incentives such as will allow us to share future benefits.

This effort undertaken by all EP's employees, its shareholder and its multiple stakeholders, allowed us to bring forward the peak of the debt to 2009 and to reduce it to just over 7.5 times EBITDA, bringing the Company closer to the sustainability zone, something which three years ago no one could anticipate.

It was thanks to this huge effort that today the Company may look strategically at the future, not in the hope of surviving but rather in the wish to contribute to the consolidation of the land mobility management model in Portugal, ensuring a model for cooperation between modes enabling the sustainable management of the land transport infrastructures in Portugal sustainable, not only financially but also economically and socially.

REFER / EP merger

As foreseen in the Transport and Infrastructure Strategic Plan (PETI3+) approved by the Council of Ministers on 3 April, the merger process between REFER and EP started on 6 August 2014, with the creation of the Planning Committee, which, up to 31 December, was in charge of preparing the necessary procedures.

On 31 December Refer's new Board of Directors was appointed through Council of Ministers Resolution and the Board of Directors of Estradas de Portugal was unanimously approved by the General Meeting. A joint Board of Directors of Refer and EP was therefore sworn in.

Infraestruturas de Portugal, the company that will arise out of the merger of REFER and EP, will be responsible for managing 13,515 kilometres of roads and 2,794 kilometres of railways. The process will not only yield very relevant efficiency gains but it will also create the largest national company by assets volume.

1.2. The Company

Who We Are

EP – Estradas de Portugal, S.A. (EP) is a state-owned public limited company created on 7 November 2007 by Decree-Law no. 374/2007. The company has share capital of €1,994,585,000, wholly owned by the Portuguese State, which exercises its rights as shareholder through the Directorate-General of the Treasury and Finance.

EP Concession

On 23 November 2007 the State entered with EP a concession contract for a period of 75 years whose bases were approved by Decree-Law no. 380/2007, of 13 November, as amended by Law no. 13/2008 of 29 February, Decree-Law no. 110/2009, of 18 May, and Decree-Law no. 44-A/2010, of 5 May.

The aim of the concession is the financing, maintenance, exploration, rehabilitation and enlargement of the roads included in the National Road Network (NRN), and the design, planning, construction, financing, maintenance, exploration, rehabilitation and enlargement of the roads included in the Future National Road Network.

Mission

Provision of a quality public service contributing to national development and territorial cohesion. This service, provided from the standpoint of a business undertaking, aims to improve the life quality of the populations while promoting accessibility and proximity for motorway users.

Governance Model

Position	Corporate Bodies	Election	Mandate
General Meeting		Written Unanimous Resolution (WUR) of 17 July 2012	2012-2014
Chairman	Paulo Manuel Marques Fernandes		
Vice-Chairman	Paulo Miguel Garcês Ventura		
Company Secretary	Maria Fernanda Joanaz Silva Martins		

Board of Directors			
Chairman	António Manuel Palma Ramalho	Up to 31 December 2014 WUR of 17 July 2012	2012-2014
Vice-Chairman Member	José Serrano Gordo		
Member	Vanda Cristina Loureiro Soares Nogueira		
Member	João Albino Correia Grade (*)		

(*) Renounced his position as member of the Board of Directors with effects on 1 March 2014

Board of Directors			
Chairman	António Manuel Palma Ramalho	After 1 January 2015 WUR of 31 December 2014	Article 4 of Decree-Law nº 160/2014, of 29 October
Vice-Chairman Member	José Serrano Gordo		
Member	José Luis Ribeiro dos Santos		
Member	Alberto Manuel de Almeida Diogo		
Member	Vanda Cristina Loureiro Soares Nogueira		
Member	José Carlos de Abreu e Couto Osório		
Member	Adriano Rafael de Sousa Moreira		

Supervisory Board			
Chairman	Elsa Maria Roncon Santos (*)	WUR of 17 July 2012	2012-2014
Member	William Hall Woolston		
Member	Bernardo Xavier Alabaça (**)		
Deputy Member	Teresa Isabel Carvalho Costa		

(*) Appointed to replace Graça Maria Valente Montalvão, at the General Meeting of 25 July 2014.

(**) Appointed by WUR of 31 October 2013.

Statutory Auditors	Esteves, Pinho & Associados, SROC, Lda. Independent member of BKR	WUR of 17 July 2012	2012-2014
	Represented by Rui Manuel Correia de Pinho Luís Manuel Moura Esteves, Deputy Statutory		

Traffic - 2.5% increase over 2013

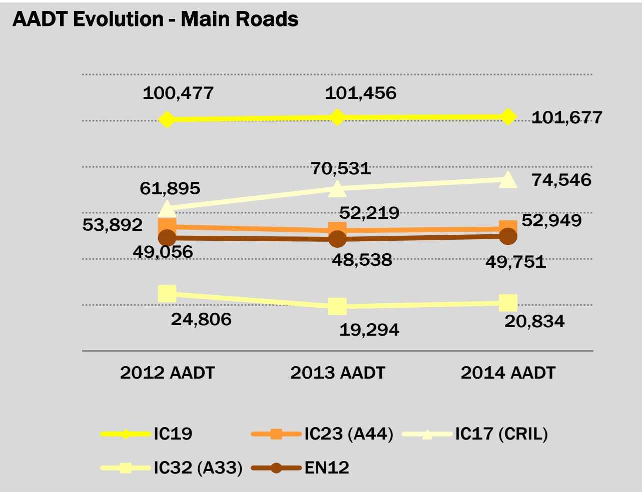
EP network's profile

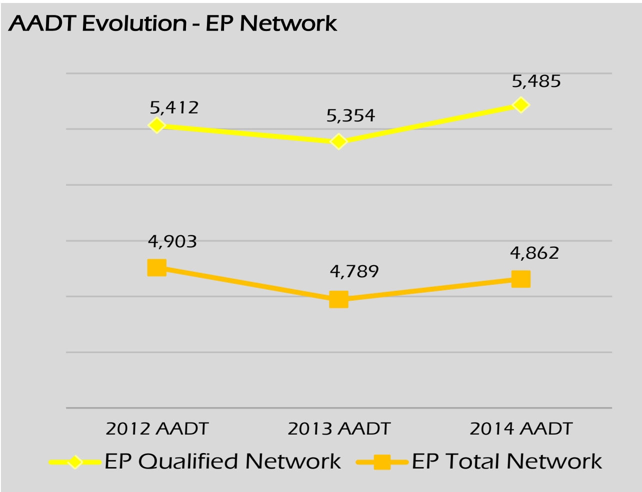
EP's road network kilometres per district:

EP direct network							
	EP direct network (qualified)						
District	IP - Itinerário Principal (Trunk road)	IC - Itinerário Complementar (Secondary road)	Disqualified Roads used as IP and IC corridors	EN - Estrada Nacional (National Road)	ER - Estrada Regional (Regional Road)	ED - Estrada Desclassificada (Disqualified Road)	Total
Aveiro		15	126	172	129	241	683
Beja		58	213	257	438	241	1,207
Braga			0	427	206	121	753
Bragança			45	279	244	401	968
Castelo Branco			79	71	177	280	606
Coimbra	31	52	57	160	136	178	614
Évora	3		72	357	314	188	933
Faro	3	58	43	56	71	102	334
Guarda	2		116	317	247	104	786
Leiria	18	4	68	157	70	236	553
Lisboa	12	61	48	412	103	228	862
Portalegre		29	154	289	168	111	751
Porto	18	32	34	259	192	315	850
Santarém	37	32	182	303	116	299	969
Setúbal		33	35	244	260	220	792
Viana do Castelo	6	14	42	214	115	190	579
Vila Real			37	235	156	190	619
Viseu	53	22	90	318	166	154	803
Total Geral	**183**	**409**	**1,440**	**4,527**	**3,309**	**3,796**	**13,664**

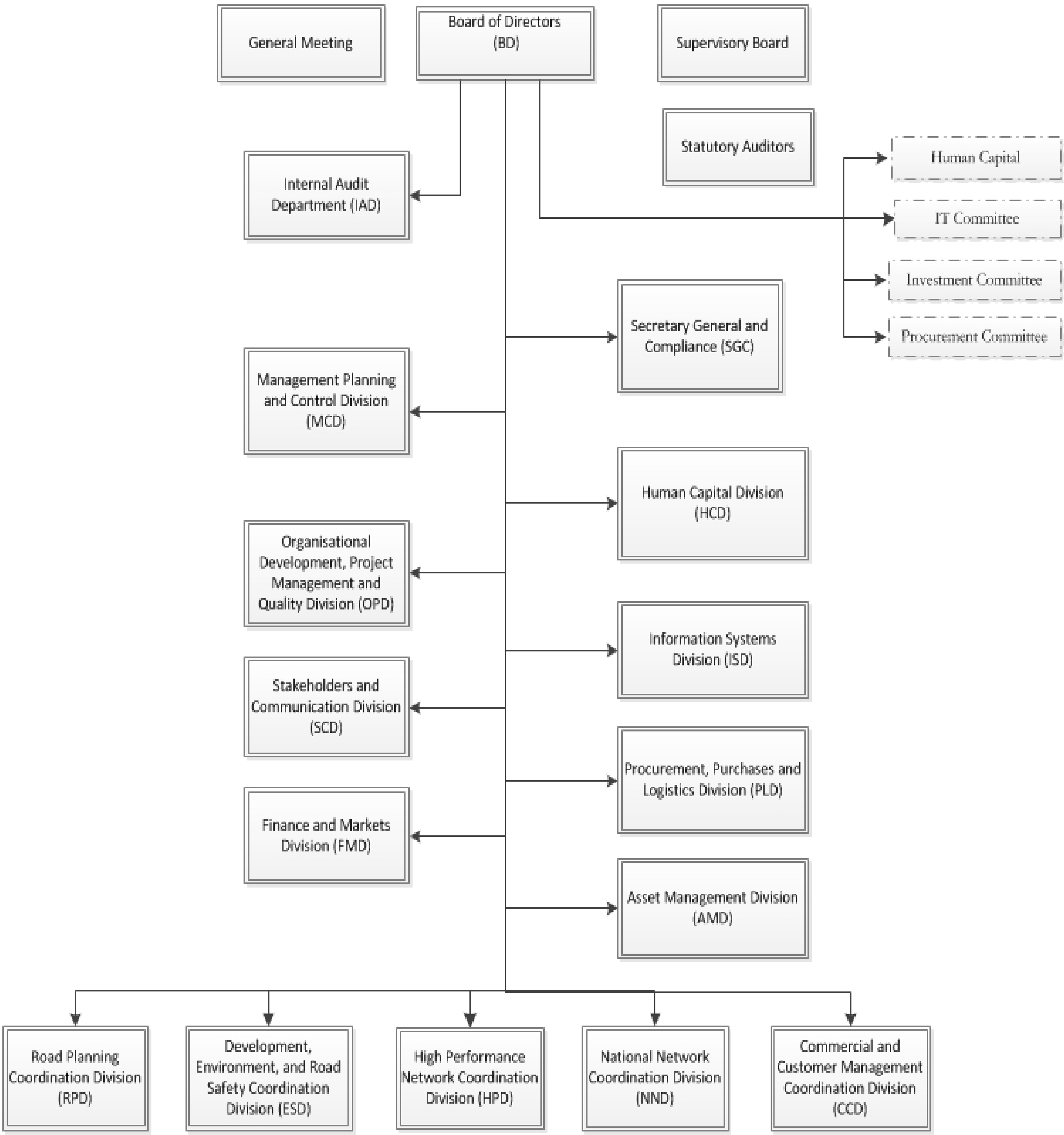
Traffic

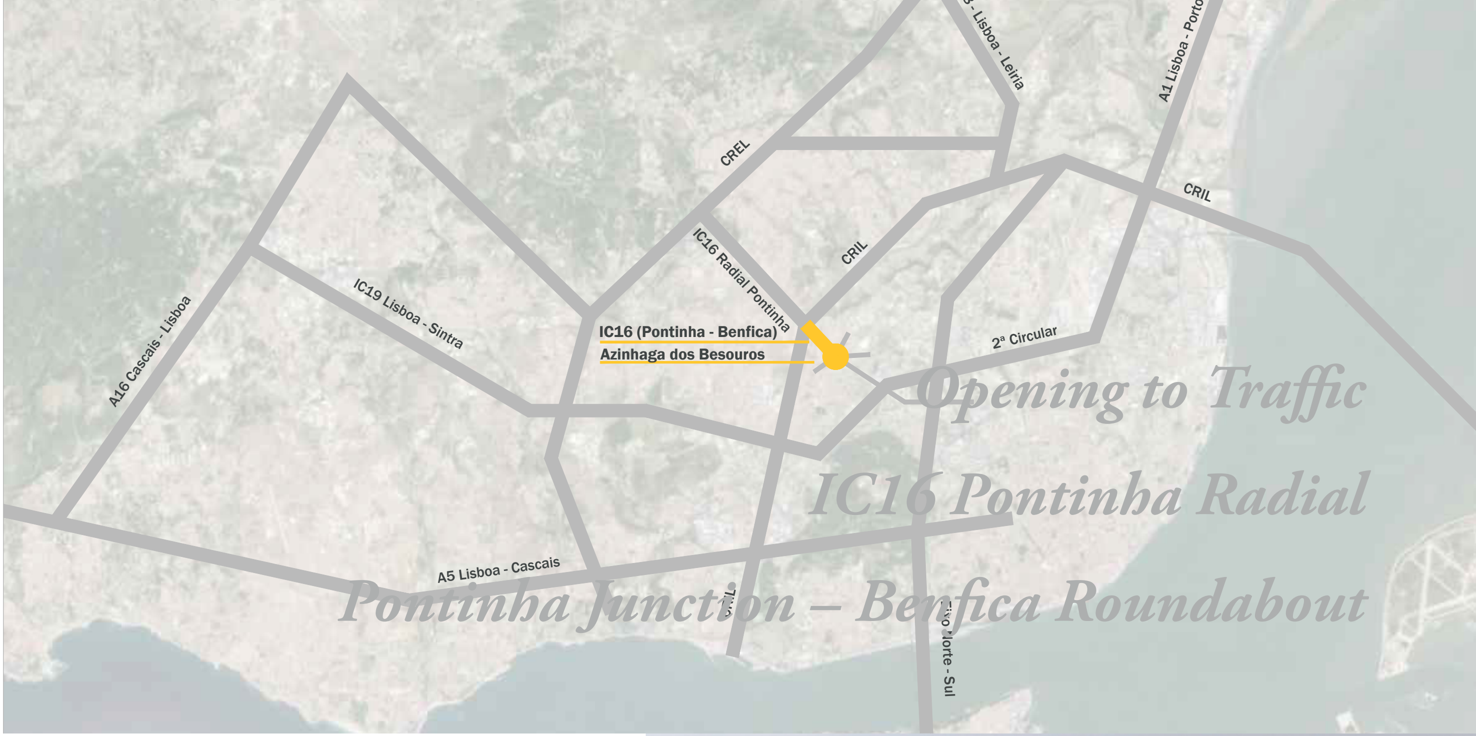
The charts below show the evolution of Annual Average Daily Traffic (AADT) in the main roads under the responsibility of EP, and in the entire EP network, respectively.





Organisation Model





Opening to Traffic
IC16 Pontinha Radial
Pontinha Junction – Benfica Roundabout

1.3. The Year's Highlights

Main Benefits

Accessibility

• Closing of Lisbon's last motorway radial, with reorganisation of traffic flows in the other thoroughfares;
• Decrease in average travel time and increase in average speed of traffic in urban and inter-city travel.

Mobility

• Decongestion of distribution network, releasing important city thoroughfares.

Environment

• Reduction of pollutant and noise emissions, thus improving the life quality of the surrounding populations;
• Rehabilitation and construction of green areas.

Contractor: Armando Cunha/Arouconstrói Consortium

Contract Value: €4.259m

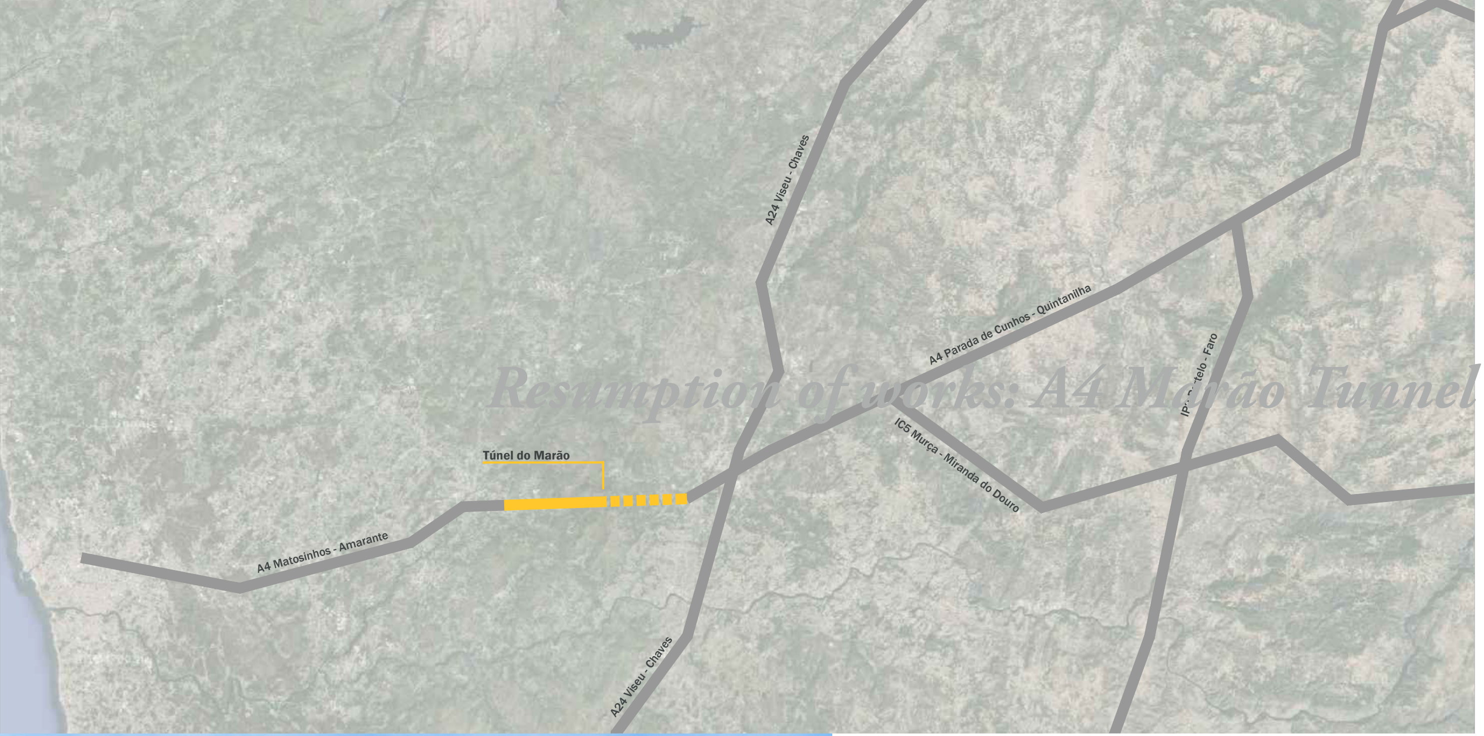
Length: 1.700 km

Time to completion: 201 days

Inauguration: 21 November 2014

100% Community funded

Resumption of works: A4 Marão Tunnel



Connections

The Marão Tunnel is part of the A4, which connects Matosinhos with Quintanilha, in the border with Spain, and is integrated in the Trans-European Transport Network (E82). Permits connection to the A24, IP2 and IC5, important export corridors.

Main Benefits

• Improved accessibility and competitiveness in the interior north;
• Reduction of travel time between Porto and Spain (Quintanilha);
• Reduction of the high accident levels:
• Reduction of pollutant and noise emissions, thus improving the life quality of the surrounding populations.

Characteristics

Total length: 29.3 km;
Five connection junctions, part of which with tolls;
Tunnel: 5.6 km, the longest in Iberia.

Tenders

Launch of three public tenders for the execution of the works, with conclusion foreseen for December 2015:
• Connection Junction IP4 (Gondar) – Marão Tunnel;
• Marão Tunnel (design/construction);
• Marão Tunnel - Parada de Cunhos Junction;
Tenders total basic price: €201.5m.
Contract Value: €146.4m (ca. 75% of basic price).
Co-financing: application to community funds.

History

The works were suspended three times by court order, and interrupted in 2011 due to lack of funding. In July 2013 the State redeemed the concession and transferred to EP the responsibility for concluding the works and operating the stretch. The IMT (Mobility and Transport Institute) represents the State in the pending lawsuits.

1.4. The Year in Review

January

N3-2, Reguengo Bridge over Vala da Azambuja (km 4.260): assignment of works worth €1.0m.

Mr. João Grade resigns his position as member of the Board of Directors of EP.

Cooperation protocol between **GNR** and **EP** to expedite procedures and reinforce cooperation in the supervision of roads under the company's jurisdiction.

25 de Abril Bridge: preparation of the Annual Safety Programme for 2014. Start of multi-annual contract for integrated structure inspection, and equipment operation and maintenance services, in the amount of €3.0m.

February

A4 Marão Tunnel - Launch of tenders for works: connection sub-stretch to IP4 - Marão Tunnel, Marão Tunnel sub-stretch, and Marão Tunnel - Parada de Cunhos Junction sub-stretch, totalling €201.5m.

Capital increase by unanimous written resolution:
- of 27 June, by €318,060,000, through the issuance of 63,612 new registered shares in the amount of €5,000 each, fully subscribed and paid up by the State up to 30 April 2014.

Mozambique Minister of Public Works and Housing visits EP to deepen bilateral cooperation in the field of road infrastructures, and to promote the work done by the company in the management of its vast road assets, grounded on more than 80 years of experience and unique technical expertise in Portugal.

Implementation of Risk Management Plan.

March

25 de Abril Bridge:
- Transfer of north-side energy transformer station from LUSOPONTE to EP, after separating the respective electric circuits feeding safety, decorative, air obstruction and road lighting.
- Presentation of "P50. Bridge Experience. 50 Years of 25 de Abril Bridge. Lisbon" project to the State Secretary for Infrastructure, Transport and Communications.

April

2014 Road Marking: launch of a national tender for works for a total of €1.6m.

Current Maintenance under 2013/2016 Contract: signature of 12 maintenance works contracts for the Beja, Braga, Bragança, Castelo Branco, Coimbra, Faro, Leiria, Lisbon, Portalegre, Porto, Setúbal and Viana do Castelo districts, totalling €69.6m.

N10, Sacavém bridge over Trancão River: signature of €2.5m contract to replace engineering structure.

N258-1, improvement works between Vila Ruiva and Cuba (km 0.000 and km 9.300) and between Cuba and IP2 (km 10.747 to km 16.350): conclusion of works worth €1.3m.

Opening to Traffic:
A13 (Pinhal Interior) Condeixa - Coimbra Sul sub-stretch: tolled sub-stretch.

Monforte municipality awards to EP the first engineering structure inspection services in the municipal network, in the context of the value proposition developed by EP's engineering structures Expertise Unit, which it is promoting externally.

May

Current maintenance under 2013/2016 Contract: signature of two maintenance works contracts for the Vila Real and Viseu municipalities, totalling €11.5m.

Current maintenance under 2013/2016 Contract: conclusion of maintenance works in the Braga, Bragança, Leiria and Viana do Castelo municipalities, totalling €35.5m.

Baixo Alentejo and Algarve Litoral Sub-concessions: signature of preliminary agreements between the representatives of the Negotiation Committee and the representatives of the sub-concessionaires.

S. Tomé e Príncipe National Assembly delegation visits EP in order to obtain a general overview of the company, and in particular to learn about the planning, management and financing model in the road sector and the maintenance of pavements and engineering structures.

Visit from 13 civil engineers from **Turkey**, promoted by the Portuguese-Turkish Chamber of Commerce and Industry (CCITLT) within the scope of the Leonardo Da Vinci European vocational training programme.

EP Chairman rewarded in the Best Leader Awards 2014 as **Best Leader in Public Company Management**.

June

IC16, Pontinha Junction - Benfica Roundabout: assignment of works worth€4.3m.

N2, Abrantes metal bridge over Tejo River (km 404,920): assignment of rehabilitation of engineering structures. Award and signature of €3m contract in January 2014.

Current maintenance under 2010/2013 Contract: conclusion of maintenance works in the Faro, Portalegre and Porto municipalities, totalling €22.7m.

Current maintenance under 2013/2016 Contract: signature of maintenance works contract for the Santarém municipality, worth €7.7m.

Road safety, elimination of black point: N1 (km 113.444), construction of connecting roundabout to EN356 (IC2-Batalha bypass), investment in the works of approximately €0.3m.

Capital increase by unanimous written resolution:
- of 24 June, by €370,585,000, through the issuance of 74,117 new registered shares in the amount of €5,000 each, fully subscribed and paid up by the State through the conversion of credits held by the State relative to the service of the debt, which matured on 31 May 2014.
- of 27 June, by €267,600,000, through the issuance of 53,520 new registered shares in the amount of €5,000 each, fully subscribed and paid up by the State up to 15 September 2014.

Visit by Brazilian delegation, including staff from Brazil's Transport Ministry.

"Cycle of Debates on Transport Infrastructures - Making a profitable use of Assets" jointly organised by Centro Rodoviário Português and EP, on the following themes: tariffs functions, initial attribution of concessions and renegotiation, regulation, risks and incentives.

July

A4 Marão Tunnel: launch of tenders for works: connection sub-stretch to IP4 - Marão Tunnel, Marão Tunnel sub-stretch, and Marão Tunnel - Parada de Cunhos Junction sub-stretch, totalling €146.4m.

Current maintenance under 2014/2015 Contract - Grande Lisboa Motorway Network: launch of works worth €3.9m.

Current maintenance under 2013/2016 Contract: signature

of maintenance works contract for the Guarda municipality, worth €4.7m.

Current maintenance under 2010/2013 Contract: conclusion of maintenance works in the Beja, Coimbra, Castelo Branco, Lisbon, Aveiro, Santarém, Setúbal, Vila Real and Viseu municipalities, totalling €85.0m.

Current Maintenance on the Grande Lisboa Network - 2013: conclusion of maintenance works in Grande Lisboa, worth€2.3m.

EP Chairman António Ramalho, appointed **Chairman of the General Board of Prevenção Rodoviária Portuguesa**, succeeding Carlos Barbosa, the Chairman of ACP, in this position.

General Meeting of 25 July appoints Elsa Maria Roncon Santos as **Chairman of EP's Supervisory Board**, to replace Graça Maria Valente Montalvão.

PPP Renegotiation Committee, headed by EP's Chairman, reaches agreement with EUROSCUT, Concessões do Algarve e Norte Litoral. The implementation of this agreement yielded savings of €14.5m in 2014, with a direct impact on the State Budget.

August

Current maintenance under 2013/2016 Contract: signature of maintenance works contract for the Aveiro municipality, worth €6.2m.

Planning Committee appointed by Government order to prepare, in a sustained way, the necessary procedures viewing the merger of REFER and EP.

A21, Malveira junction: conclusion on schedule of excavation slope stabilisation works, worth €0.25m. Pioneering pilot-project aimed at stabilising a slope using natural engineering techniques. Assignment in February 2014.

September

€1.2m investment in reinforcement of road marking: to ensure adequate safety levels in the use of road infrastructures.

Reopening to traffic of EN115-3, in Alenquer.

Current maintenance under 2013/2016 Contract: signature of maintenance works contract for the Évora municipality, worth €5.6m.

N13, Maia - Vila do Conde municipality limit (km 9,680) and connection to A28/IC1 (km 18,200): signature of works contract, worth €1.6m. Contract awarded in January 2014.

Current maintenance under 2010/2013 Contract: conclusion of maintenance works in the Évora and Guarda municipalities, totalling €18.2m.

"Cationic Bitumen Emulsions – New Approach" Seminar jointly, held in Almada, jointly organised by EP and the CT153 – Bituminous Binders Technical Committee. The seminar aimed to provide information on the EN13808:2013 and call the attention of the technical and scientific community to the changes relative to the 2005 version and consequent implications on the national market of bitumen emulsions, and to the adaptation of EP's Standard Works Specifications to the new standard.

REFER/EP Merger - Council of Ministers approves regime on the accumulation of positions for the executive members of the Boards of Directors of EP and REFER.

Creation of a website to follow the REFER/EP merger: **www.infraestruturasdeportugal.pt.**

October

Conclusion of works: IC6 (EM17) - Tábua junction (km 64.8) and EN230 (Venda de Galizes) (km 71.410) and IC7 (EM17) - Venda de Galizes (km 71.410) limit of Coimbra and Guarda municipalities (km 81.983), an investment of around €3m.

ER385, rehabilitation between Safara (km 37.070) and Vila Verde de Ficalho (km 56.510): signature of the works contract, worth €3.1m.

"Investing on the Optimisation of the National Mobility Infrastructures" - in the Algarve Business Forum, EP's Chairman advocates that Portugal has an adequate level of infrastructure and should now concentrate investment on maintaining and improving the efficiency of the existing infrastructures.

The OECD stressed the progress made in the renegotiation of the PPPs, noting that the decision to initiate the negotiation process was the right one, saying that "... for dealing with liabilities from legacy PPPs, the new approach seems adequate, and the renegotiation achieved considerable results." The estimates point to a reduction in the road sector's burden on taxpayers.

Visit from Bulgaria's Agency for Road Infrastructures, as part of a programme of visits to transport infrastructure operators and regulators promoted by the National Administration Institute ("INA").

November

Opening to Traffic: IC16, Pontinha Radial, Pontinha Junction – Benfica Roundabout.

Conclusion of the underwater inspection to the pillars of the Portimão Metallic Bridge: first underwater inspection made exclusively by EP expert technicians, including the diving.

IC10, Salgueiro Maia Bridge over Tejo River: conclusion, on schedule, of the altimetric correction works on the deck, worth €1.2m. Assignment in June 2014.

ER393 Vila Nova de Milfontes Bridge: conclusion of the rehabilitation and reinforcement of engineering structures, worth €1.4m.

2015 Traffic Signing: launch of national tender, for a total of €6.0m.

25 de Abril Bridge: it was demonstrated that the "P50. Bridge Experience. 50 Years of 25 de Abril Bridge. Lisbon" project is financially and economically viable and has the potential for inclusion in Lisbon's list of 10 main tourism attractions, if supported by a market survey.

Algarve Litoral Sub-Concession: resumption of construction works.

A4 Marão Tunnel: start of tunnel excavation works.

Capital increase by unanimous written resolution:
- of 26 November, by €357,800,000, through the issuance of 1,560 new registered shares in the amount of €5,000 each, to be subscribed at par by the shareholder State, fully paid up through the conversion of credits held by the State relative to the service of the debt, which matured on 28 November 2014.

December

EP, jointly with ANMP – Associação Nacional de Municípios Portugueses organised in Almada the event "**Estradas de Portugal's Expertise Unit in Engineering Structure and Roads**". The purpose of the event was to present the Expertise Units in Engineering Structure and Roads and offer to the Portuguese municipalities the provision of services in connection to the Engineering Structure Management System and the Pavements Management System.

Publication of the 2015-2019 Medium-Term Proximity Plan: launch of 677 works, representing a total investment of €1,554.2 over a 5-year horizon.

Signature of **Protocol between EP and the Union of Civil Construction Workers**, with the aim of promoting safety through regular training and awareness-raising initiatives during the entire period of the Marão Tunnel Undertaking.

25 de Abril Bridge:
- Start of new structural monitoring services contract signed with LNEC, in the amount of €325 thousand;
- Conclusion of the provisional acceptance of repair and maintenance works, worth €9.2m;
- Performance of "Command Post Exercises – CPX 2014" to test the safety and security provided by the Integrated Emergency Plan, involving 10 separate entities.

Capital increase by unanimous written resolution:
- of 19 December, by €207,550,000, through the issuance of 41,510 new registered shares, in the amount of €5,000 each, fully subscribed and paid up by the State.

Council of Ministers approval of the draft law on the new regime of the National Road Network Regulations.

K16 strategic plan

K 16 STRATEGIC PLAN

Strategic concept, defining as 3S' drivers:

| sustainability |
Ensuring financial sustainability
1) Asset management
2) Investment planning
3) Efficiency of execution
4) Monitoring system

| service - market |
Widening the scope of services (additional revenues).

| stakeholders |
Promote a focus on the client and other stakeholders of the national road network.

10 key projects have been promoted within the scope of the K16 Strategic Plan, each with separate objectives and autonomously run.

Sustainability	Stakeholders
K Network	*K Regulation*
K Proximity	*K Client 360*
Service	**Enablers**
K Tolls	*K Performance*
K Portfolio	*KOrganisation*
K Innovation	*K Installations*

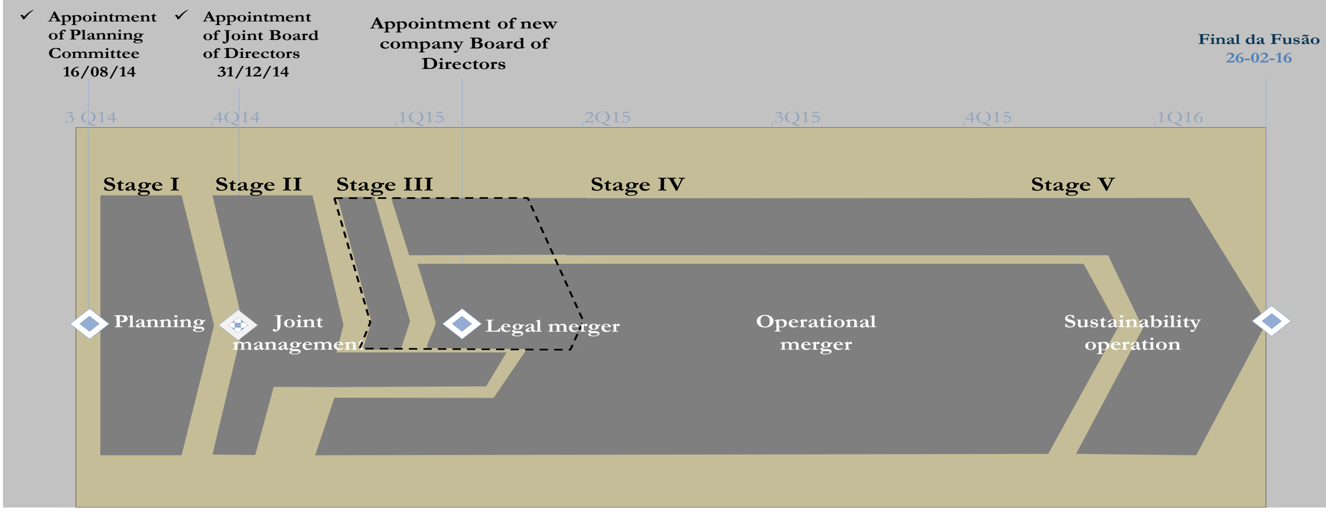
REFER/EP merger

Order n. 10145-A/2014 (excerpt) issued on 6 August 2014 by the Office of the State-Secretary for Treasury, of the Ministry for Finance, and the Office of the State-Secretary for Infrastructure, Transport and Communications, of the Ministry for the Economy appointed a Planning Committee charged with preparing, in a sustained way, the necessary procedures viewing the merger of REFER - Rede Ferroviária Nacional, E.P.E. with EP - Estradas de Portugal, S.A.. This committee has the following composition:

a) António Manuel Palma Ramalho (Coordinator)
b) José Serrano Gordo
c) José Luís Ribeiro dos Santos;
d) Alberto Manuel de Almeida Diogo
e) Vanda Cristina Loureiro Soares Nogueira;
f) José Carlos de Abreu e Couto Osório

Since it was appointed, the Committee has sought the co-operation and advice of the various divisions and other intermediate structures of EP – Estradas de Portugal, S.A. and REFER — Rede Ferroviária Nacional, E.P.E., in order to take all initiatives deemed necessary and relevant for the merger of the two entities.

Within the framework of its duties, the Planning Committee identified five key stages for a successful completion of the merger, as follows:



Stage 1 - Planning: during this stage, which has already been concluded, the Planning Committee planned the entire merger process;

Stage 2 - Joint Management: this stage started on 31 December 2014 with the appointment of a REFER/EP joint Board of Directors and will end at the beginning of Stage 3. The following will be provided during this stage: i) organisation and assessment of both companies' staff, ii) Strategic Plan, iii) diagnosis of existing information systems, iv) quick wins, and v) preparation of a consolidated budget for 2015;

Stage 3 – Legal Merger: this phase will see the legal incorporation of the company arising out of the merger, under name "Infraestruturas de Portugal, S.A." (hereinafter referred to as "IP, S.A." or "IP"); it will be finalised following publication of the Decree-law on the merger, the by-laws of IP and the ministerial order establishing the company's share capital;

Stage 4 – Operational Merger: this stage started simultaneously with stage 2 and should end in 2015 upon delivery of the following: i) IP 's 5-year business plan, thoroughly reviewed with the shareholder, and ii) merger of corporate and shared services and optimisation of operational services, in order to harness all the benefits from the merger;

Stage 5 – Sustainability: this phase will start following completion of stage 3, and is expected to create the background for: i) a significant reduction in the structural infrastructure management deficit, ii) reduce dependence from the General Budget of the State, with view to gradual achieving financial self-sufficiency, and iii) eventually, attract private capital to support a sustainable management of road and railway infrastructures in Portugal. To achieve these objectives, the Government and IP will first have to draw a concession contract for the railway network and possibly change the current road concession contract entered between the Government and EP.

The Committee ceased its duties when the joint Board of Directors of EP - Estradas de Portugal, S.A. and REFER - Rede Ferroviária Nacional, E.P.E. was appointed, on 31 December 2014.

Within this framework, following the comprehensive work developed by the Planning Committee, the boards of directors of REFER and EP deem that the merger is fully justified as it will permit to achieve a set of relevant goals:

1. Integrated planning and investment
2. Increased efficiency
3. Economies of scale in procurement
4. Achieve financial sustainability
5. Strategic positioning of European / global energy programmes

In overall terms, these objectives comprise the following:

Integrated planning and investment

Both companies have similar purposes, i.e., to manage a set of infrastructures as determined by law: REFER manages the national railway infrastructure and EP manages the national road infrastructure. Instead of having two modes of transport competing with each other IP will guarantee an integrated approach. People's and freight mobility in the mainland is what determines investment in roads or rail; it will thus be the key driver for future investments. IP will work to find out about the complementary aspects of the two modes of transport, privileging people and freight mobility and harmonising investment plans.

Increased efficiency

As the two companies are autonomous in legal, administrative and financial terms, there are overlapping departments. Joining the best practices of each company should give way to an improved corporate centre with meaningful cost savings. Likewise, a combined regional presence involving both companies should generate additional cost reductions. Finally, knowledge gathered in one company will prove useful in future situations. For instance, EP's experience in the management of concession contracts may be used in future railway concessions; REFER, in its turn, has relevant know-how in asset management.

Economies of scale in procurement

As far as procurement and logistics are concerned, there is also overlap. Many contracts have similar provisions and a combined management should generate important savings.

Achieve financial sustainability

The combination of the different actions referred to above with critical actions concerning, for instance, the remuneration of the railway services provided (redefinition of track access charges, investment program with the government, etc.), or the renegotiation of existing road PPPs and conversion into equity of historical debt, should allow IP entering into a financially sustainable path.

Strategic positioning of European / global energy programmes

The definition of long term concessions granted by the State to IP for road and rail infrastructures should allow the company to align its investments with EU guidelines. Mobility generates waste. Presently, energy policies, particularly as far as their environmental aspects are concerned, are likely to favour investment in the railway sector. An integrated approach to manage the two sides of land mobility will work as long term hedging for the implementation of these policies.

Approval by Council of Ministers

In a press release dated 9 April 2015 the Council of Ministers announced the approval of the "law enacting the merger, by incorporation, of EP - Estradas de Portugal, S.A., into REFER - Rede Ferroviária Nacional, E.P.E., resulting in a new company called Infraestruturas de Portugal, SA (IP, S.A.).

2. EXTERNAL BACKDROP

2.1. Political Developments

Transport White Paper 2050
The road policy defined by the European Commission for the coming years is contained in the "Transport White Paper 2050", which outlines the following strategic measures:
• Creation of a fair financial framework: new approach to transport tariffs, which should be restructured so as to widen the application of the "polluter-payer" and "user-payer" principles";
• Publication of guidelines on the application of the infrastructure costs to passenger vehicles;
• Creation of a framework for the internalisation of the costs applicable to all road transport vehicles, covering infrastructure costs as well as all the social costs of congestion, local pollution caused by CO_2 emissions, noise and accidents;
• Progressive introduction of European electronic toll systems, namely an European electronic toll system for trucks, and a system for all types of vehicles, two years later;
• Guarantee of stable funding for transport, though the allocating of revenues from the use of transport to the development of an integrated and efficient network (i.e., a percentage of the revenues charged for transport should be reinvested in the sector, being the funding required to finance a high-quality transport infrastructure);
• Research into and effective deployment of new technologies will be essential to reduce emissions from urban, intercity and long distance travel;
• For all modes of transport, priority will be given to the production of environmentally friendly, safe and silent vehicles;
• The key sectors will be: alternative fuels, new materials, IT and traffic management instruments to manage and integrate complex transport systems.

The policy defined by the European Commission may bring advantages to EP in the sense that the resulting tariff will be fairer for the taxpayers (as it is based on the polluter-payer and user-payer concepts) and profit-oriented, thus allowing EP to reduce its dependence from the State.

Strategic Transport Plan ("PETI")
The Strategic Plan for Transport and Infrastructures - Sustainable Mobility ("PETI"), approved in April 2014, establishes the priority guidelines for the 2014-2020 horizon. The priority projects defined for the road sector represent an investment of €898m, of which an estimated two thirds could be financed by private funds and 24% by community funds.

The Plan has identified a set of projects, most of them included in the Trans-European Transport Network (TEN-T), that contribute towards the implementation of the National Road Plan, the object of EP's concession contract. This could be considered an opportunity, in so far as these investments will make it easier to complete the road network.

2.2. Economic Indicators

Key indicators

	Annual Change (%)		
	2013	2014	2015 (f)
1. Expenditure and GDP (volume change)			
Private Consumption	-1.4	2.2	2.1
Public Consumption	-1.9	-0.5	-0.5
Investment (GFCF)	-6.3	2.2	4.2
Domestic Demand	-2.4	2.3	1.1
Exports	6.4	2.6	4.2
Imports	-2.7	6.3	3.1
GDP	-1.4	0.9	1.5
2. Prices (rate of change)			
GDP Deflator	2.3	2.3	2.3
Inflation Rate (a)	0.4	-0.1	0.7

(a) Measured by the average annual change in the Harmonised Index of Consumer Prices.
(f) Forecast.
Source: Ministry of the Economy.

Employment and Unemployment

	Annual change (%)		
	2013	2014	2015 (p)
Total Employment (rate of change)	-2.6	1.9	-
Unemployment rate	16.2	14.2	13.4

(f) Forecast.

Source: Ministry of the Economy; Bank of Portugal.

Fuel prices
Average International Price of Crude Oil - BRENT

2012	2013	2014	Δ (%) 2013/2012	Δ (%) 2014/2013
86.79	81.79	74.32	-5.8	-9.1

Unit: Euro/barrel.

Source: Directorate-General for Energy and Geology ("DGEG").

Average Annual Price of Fuels in Portugal - 2012-2014

Type	2012	2013	2014	Δ (%) 2013/2012	Δ (%) 2014/2013
Gasoline 95	1.64	1.579	1.524	-3.8	-3.5
Diesel	1.45	1.388	1.303	-4.3	-6.1

Unit: Euro/litre.

Source: Directorate-General for Energy and Geology ("DGEG").

Fuel consumption
Consumption of Gasoline and Diesel

Type	2012	2013	2014 (*)	Δ (%) 2013/2012	Δ (%) 2014/2013
Gasoline	1,129,957	1,092,747	1,069,207	-3.3	-2.2
Diesel	4,182,969	4,088,449	4,129,698	-2.3	1.0

(*) Estimate.

Unit: Tonne.

Source: Directorate-General for Energy and Geology ("DGEG").

Car fleet
Annual Evolution of Sales of New Vehicles

Type	2012	2013	2014 (*)	Δ (%) 2013/2012	Δ (%) 2014/2013
Light Passenger Vehicles	95,309	105,921	142,827	11.1	34.8
Light Commercial Vehicles	16,011	18,202	26,199	13.7	43.9
Heavy Goods Vehicles	1,892	2,392	3,126	26.4	30.7
Buses	223	174	238	-22.0	36.8
Total	**113,435**	**126,689**	**172,390**	**11.7**	**36.1**

Source: ACAP.

Evolution of Type of Vehicles Purchased

Year	Light		Heavy	
	Light Passenger Vehicles	Light Commercial Vehicles	Heavy Goods Vehicles	Buses
2012	84.0%	14.1%	1.7%	0.2%
2013	83.6%	14.4%	1.9%	0.1%
2014	82.9%	15.2%	1.8%	0.1%

Fonte: ACAP.

Breakdown of Passenger Vehicles by Age -2013

Vehicles Age	Passenger Vehicles			
	Light		Heavy	
	No.	Average Age	No.	Average Age
<2 years	194,719	0.5	487	0.5
2 to <5 years	555,184	3.0	1,032	3.2
5 to <10 years	975,432	7.0	2,830	7.1
10 years or more	2,602,143	15.9	7,762	16.2
Total	**4,327,478**	**11.5**	**12,111**	**12.3**

Source: IMT.

Breakdown of Insured Fleet by age - 2012 and 2013 (%)

Year	Less than 1 year	1 year	2 years	3 years	4 years	5 to 10 years	More than 10 years
2012	1.9	3.0	4.4	3.5	4.6	27.3	55.3
2013	2.0	2.0	3.1	4.4	3.5	26.7	58.3

Source: ISP.

2.3. Social and Cultural Outlook

Mobility of the Population

The Portuguese road infrastructures system should meet the needs of the Portuguese and of companies based in Portugal. The national road network must ensure the mobility and accessibility of people and goods, efficiently and in line with the existing needs, promoting social cohesion.

The National Spatial Policy Programme ("PNPOT"), a strategic instrument of spatial development, establishes the key options for the organisation of the national territory. It is used as the benchmark framework for drawing up other spatial management instruments, such as the PRN (National Road Plan), and as an instrument for cooperation with the other Member States in the organisation of the European Union territory.

The PNPOT has defined three major international accessibility and connectivity corridors in mainland Portugal, to be deployed through the railway, road, sea port and airport modes, according to the geographic distribution of people and goods:

- Atlantic Coast Corridor: vertical corridor connecting Spanish Galicia, the Porto metropolitan arc, the centre coastline metropolitan arc, the Lisbon metropolitan arc, and the Algarve metropolitan arc;
- North International Corridor: horizontal corridor connecting the Porto metropolitan arc and the centre coastline metropolitan arc to Salamanca and the rest of Europe;
- South International Corridor: horizontal corridor connecting the Lisbon metropolitan arc to Madrid and the rest of Europe.

EP's activity will be mainly impacted at the level of the planning of investments, the development of solutions and the allocation of operational means, all of which should address the different needs of each region, ensuring mobility and accessibility to people and goods.

2.4. Legal

National Road Network New Regulations

The Council of Ministers of 4 December 2014 has approved the draft law on the new regime of the National Road Network Regulations ("EERRN) and referred it to the Assembly of the Republic, for assessment and approval.

This draft law systematises and reorganises under a single law the various pieces of legislation spread scattered through more than fifteen bills.

The new regulations are based on two fundamental dimensions, namely the public use of the road infrastructure, and the private use of the public domain. The aim is to protect the road infrastructure and its use from third-party interests and behaviours, regulating the interaction established between the road, its management, and the "persons", whether natural or corporate, public or private.

Service areas

Decree-Law no. 87/2014, issued on 29 May, addresses the measures to optimise the national road network's service levels and a regulatory model for the road sector, viewing the harmonisation of the legal framework applicable to this matter, through the definition of general rules on the operation of service areas, and on the licensing of new fuel stations alongside roads, expressly revoking paragraph l) of no. 1 of article 15 of Decree-Law no. 13/71, of 23 January, in its current wording, and Order SEOP 37-XII/92, of 27 November. The decree-law provides for the regulation, by government order, of the conditions of location, classification, operation, functioning and licensing fees of fuel stations.

In addition, it brings greater transparency and efficiency to the management of this activity sector, improves certain aspects, namely streamlining and flexibilising the service levels of service areas concession contracts and broadening the fuel stations licensing process, and in general makes it more in line with the current context of the fuel market.

The amendments introduced factors of fairness in the application of rates taking into account the different impacts caused by fuel stations on the road infrastructure and based on the principle that a fee is due for the private use of access to the road.

3. MANAGEMENT OBJECTIVES

3.1 Background

The management objectives for 2014 were defined based on the objectives of the K 16 Strategic Plan for 2013/2016

The management objectives include the "Shareholder Indicators" and the "Company Indicators". The first are used to define the targets which the company undertakes before its shareholder to reach. The second, which complement the first, involve the entire activity of the company and permit to monitor its performance along the year, within the framework of the Management Control System.

3.2. Shareholder Indicators

Indicator	Unit	2014 Target	Real Value	Deviation (%)
Operating Costs (Cash)	€ million	227	165	-27
Free Cash Flow	€ million	-890	-729	-18
Total Income (cash)	€ million	805	799	-1
Income from ancillary services	€ million	8.9	7.9	-11
Road Safety Index	No.	118	n.a.	n.a.

n.a.: non available - pending publication of official road safety indicators by the ANSR (the National Road Safety Authority).

Operating Costs (Cash)
In 2014 operating costs were reduced by 27% below the established target, mainly underpinned by reductions in costs with construction and rehabilitation (-62%), surveys and projects (-66%) and regular maintenance (-38%).

The reduction in operating costs, combined with the overall improvement in the network's quality level - the Pavement Quality Index flatlined and the state of conservation of engineering structures improved - highlight the efficiency model that guides EP's activity, namely in what concerns the conservation of its assets.

Free Cash Flow
This indicator surpassed by 18% the established target, with free cash flow reaching €161m. This was underpinned by the sharp reduction in operating costs (-27%), interest and financial charges (-18%) and costs with other investment activities (land expropriations, equipment and installations) (-55%), but also by the very positive performance of core revenues, namely the Road Service Contribution (RSC), which increased by 4%, and toll revenues, up by +12%.

The reduction of the budgeted amount for the payment of Public Private Partnership (PPPs) - already an ambitious target as it amounted to a sharp reduction vis-à-vis the assumptions of the Base Cases - was further reduced by 1%, also contributing

to the result achieved.

The Free Cash Flow reported thus clearly proves EP's positive performance in 2014. This permitted to reduce State funding in a particularly difficult year, which saw the start of payments for the road sub-concessions (AE Transmontana, Douro Interior, Litoral Oeste and Baixo Tejo), in the amount of €293m (including IVA), and for the A21, in the amount of €245m.

Total Income (cash)
The budgeted €805m total income (VAT not included) was not attained since the forecast income from the A23 concession, in the amount of €65m, was not reached.

Even so the deviation was 0.8% only, thanks to the referred good performance of core revenues (tolls and RSC), which on the whole were €62m higher than budgeted.

Income from Ancillary Services (Cash)
Income from ancillary services totalled €7.9m in 2014, failing to reach the annual target of €8.9m.

This shortfall was mainly due to the fact that advertising along roads ceased to provide a meaningful source of income, following the Ombudsman's recommendation for EP not to position itself as a licensing entity, and also the impact of the entry into force of the so-called "zero licensing" initiative.

Road Safety Index
The results of this indicator are pending the publication of the official figures for 2014 by ANSR, the National Road Safety Authority.

3.3. Company Indicators

Indicator	Unit	2014 Target	Real Value	Deviation (%)
Operating Costs (cash) - Costs with Supplies and Services	€ million	155	117	-25
Operating Costs (Cash) - Staff Costs	€ million	35.8	34.8	-3
Total Investment (cash)	€ million	1,186	1,129	-5
Total financial expenses (cash)	€ million	82.2	67	-19
RSC Income (cash)	€ million	507	527	+4
Total toll revenue, excluding VAT (cash)	€ million	230	257	+12
Revenue from infrastructure based services	€ million	9	8.1	-10
Revenue from services provided (cash)	k€	100	133	+33
cash adjusted EBITDA	€ million	578	634	+10
cash adjusted EBITDA margin	%	72	79	+10
Net debt	€ million	2,489	2,459	-1
Net debt/adjusted EBITDA ratio		4.3x	3.9x	-9
Proximity plan aggregate implementation Indicator	%	90	81	-10
Environmental non compliance	k€	100	44.6	-55

Two of the indicators failed to reach the targets:

Revenue from infrastructure-based services
The annual target was not met due to the significant loss of revenues from the licensing of advertising, as referred before.

Proximity Plan Aggregate Implementation Indicator
The failure to meet the established target for 2014 was due to the fact than less works than foreseen in the Proximity Plan were launched, on the one hand due to the need for financial restraint, and on the other to the delay in the execution of works relative to contractual terms.

On the other hand, the 'works execution cost' component of this indicator had a positive performance, having decreased by 1% relative to the contract cost.

4. KEY INDICATORS

4.1. Financial Indicators

(€ million)

	2012	2013	2014	Δ (%) 2014/2013
Operation				
Total Income (1)	1,700	1,120	961	-14
Road Service Contribution (RSC)	512	509	531	4
Toll Revenue	212	240	262	9
Other Operating Income	976	372	168	-55
EBITDA (2)	533	503	488	-3
EBITDA margin (%)	31.4%	44.9%	50.9%	13
EBIT (3)	366	351	356	1
EBIT margin (%)	21.5%	31.3%	37.0%	18
Net Income	37	15	17	12
Balance Sheet				
Equity	949	973	2,511	158
Liabilities	18,060	18,748	17,937	-4
Subsidies to investment (non repayable)	10,357	10,313	10,267	0
Other	7,709	8,435	7,670	-9
Total Net Assets	19,016	19,721	20,448	4
Equity/Total Assets net of Subsidies	0.11	0.10	0.25	138
Return on Equity (ROE)	4.7%	1.6%	1.7%	9
Return on Assets net of Subsidies (ROA)	0.4%	0.2%	0.2%	3
Debt				
Net Financial Debt (4)	2,904	3,171	2,459	-22
Net financial debt / EBITDA	5.45	6.30	5.03	-20
EBITDA / Banking Expenses	4.44	5.18	5.53	7
Level of Public Funding				
Subsidies to Investment	35	6	4	-39
Cohesion Fund	35	6	0	-100
Other Community Funds	1	0	4	100
Capital Injections	134	9	1,522	16,830
State loans	881	276	-656	-337
Debt Reimbursed	606	10	-656	-6,629
Financing of the Operations	274	266	0	-100
Total	**1,050**	**292**	**869**	**198**
Level of Funding from State Budget (gross)	1,050	292	869	198
Level of Funding from State Budget (net)	1,050	292	869	198
Loan Guarantees				
Stock of Guarantees Granted	201	201	201	0

(1) Total operating income net of income from subsidies.

(2) EBITDA = Earnings before financial gains and losses, tax, amortisation and depreciation and subsidies.

(3) EBIT = Earnings before financial gains and losses and tax.

(4) Financial debt net of cash and accrual of financial charges.

4.2. Operational Indicators

	Unit	2012	2013	2014
Network indicators				
Network under direct management	km	13,515	13,554	13,664
Sub-concession network:	km	1,766	1,766	1,589(*)
Condition of pavements	QI	2.9	2.9	2.9
Activity indicators				
New road construction (IP, IC, EN and ER)	km	276.1	84.1	10.0
Roads subject to interventions (IP, IC, EN and ER)				
Construction and rehabilitation interventions	km	0	0	1.7
Maintenance and road safety interventions	km	54.9	135.7	216.6
Interventions in engineering structures	No.	45	25	35

(*) Length of network in operation.

4.3. Environmental Indicators

	UNID.	2012	2013	2014
Total Energy Consumption	GJ	75,789	83,212	82,363
Water consumption	m^3	36,500	13,187	16,808
Greenhouse gases emissions	$tonCO_{2eq}$	6,436	6,325	6,113
Total weight of waste produced	m^3	188,450	15,181(*)	242,400
Environmental investment on works sites (**)	€ million	9.4	9.5	11.6

(*) Does not include reincorporated waste (recycled or recovered in works executed by EP).

(**) Includes investments in new construction and in current maintenance.

4.4. Social Indicators

	Unit	2012	2013	2014
Workforce				
Total staff	No.	1,170	1,083	1,022
Permanent Staff	%	90.9	92.2	94.3
Global Satisfaction Index (1)	%	65.8	63.5	65.6
Staff Costs	€ million	33.5	34.7	33.3
Total training costs	€ thousand	88.2	104.5	143.0
Prevention and safety at work				
Occupational accidents	No.	27	26	32
Fatal occupational accidents	No.	0	0	0
Road Safety				
Severity Rate (NRN) (2)		22,495	20,519	16,742(*)
Fatal victims (NRN)	No.	231	224	189(*)

(1) Annual staff satisfaction survey.

(2) Severity Rate (SR) = 100xD + 10xSI + 3xSLI, where D is the number of dead, SI the number of seriously injured, and SLI the number of slightly injured.

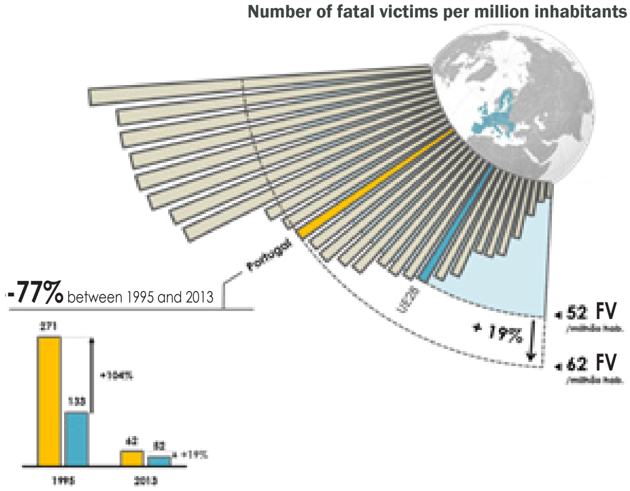
(*) Only includes available data (from January to October).

5. ROAD SAFETY

Portugal was one of the European Union countries that achieved a sharper reduction in its road accident ratio, which currently stands approximately 19% above the EU average.
In 1995 Portugal's number of fatal victims (FV) per million inhabitants was twice as high as in Europe. Since then, this figure has been reduced by 77%, to 62 fatal victims per million inhabitants.

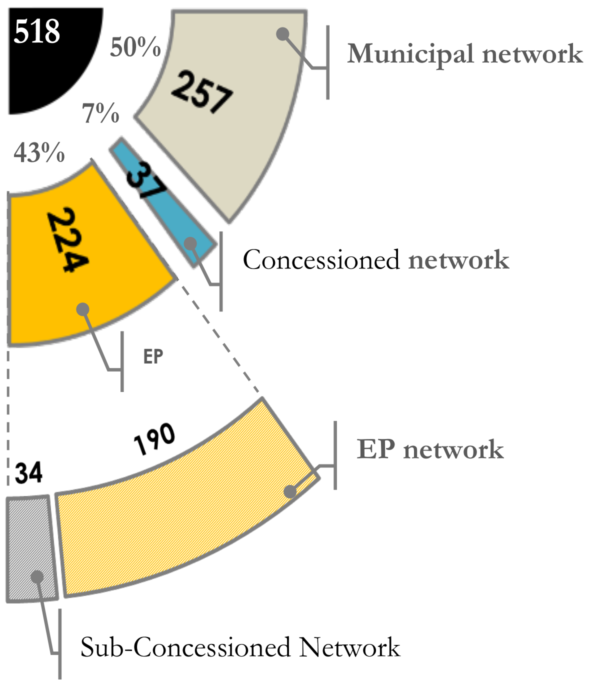
PORTUGAL IN EUROPE

Number of fatal victims per million inhabitants

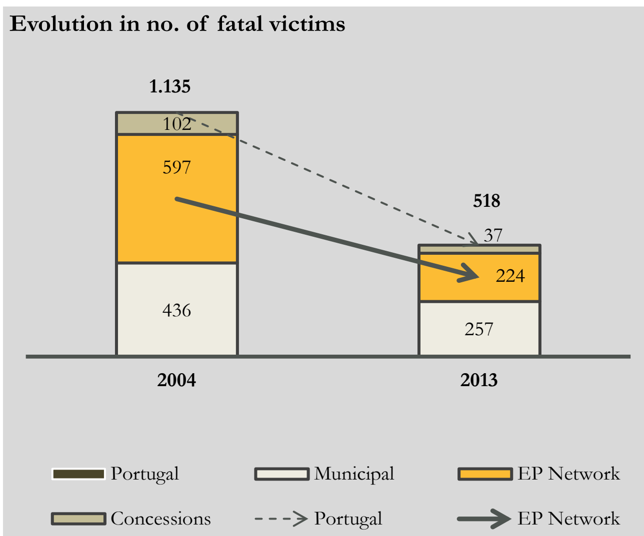


EP NETWORK IN PORTUGAL

Number of fatal victims – 2013



EP's network has greatly contributed to this reduction. During the last decade Portugal saw a total reduction in fatal victims from road accidents of 54%, while the reduction in EP's network was 62%.
In 2013 the EP network registered 224 fatal victims, which represents 43% of the national total.



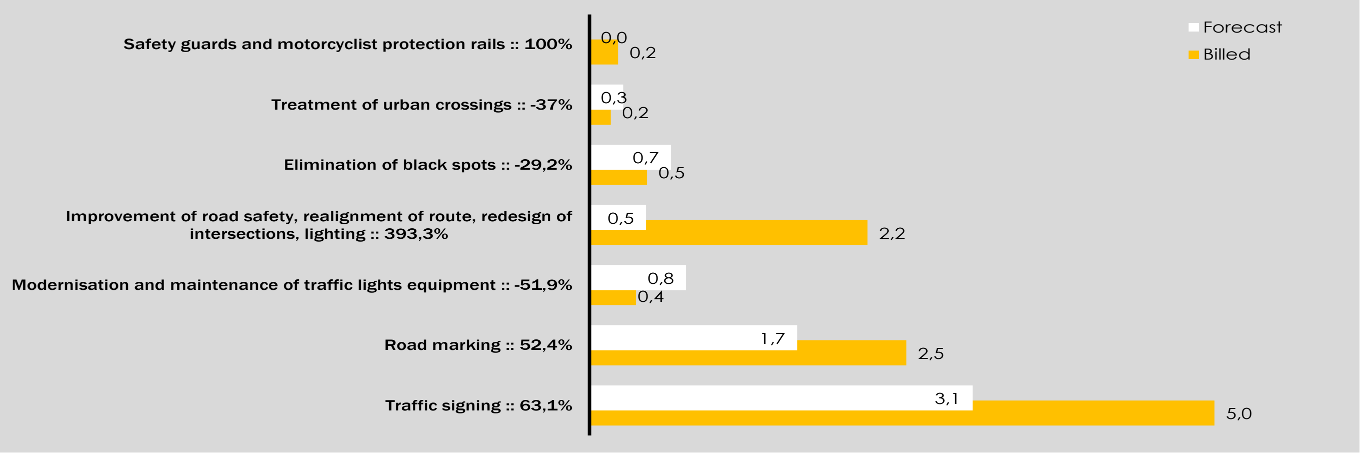
5.1. Road Safety Plan

		No. of Interventions Executed in 2014 (*)	Investment Forecast (€ million)	Billed Investment (€ million)
Treatment of roadside area	Safety guards and motorcyclist protection rails	4	0.0	0.2
Treatment of high accident concentration sections	Treatment of urban crossings	1	0.3	0.2
Reduction of potential conflict sections	Geometric redefinition of intersections	19	0.5	2.2
Traffic calming measures	Elimination of black spots	6	0.7	0.5
Preventive actions	Modernisation and maintenance of traffic lights equipment	9	0.8	0.4
	Road marking	9	1.7	2.5
	Traffic signing	8	3.1	5.0
Total		56	6.9	11.0

(*) corresponds to the number of interventions billed in 2014.

Road Safety Plan 2014 - forecast vs. billed investment

(€ million)



5.2. Investment in Road Safety

Year	Tenders launched			Works awarded			Works concluded		
	No. of events	Length (km)	Investment (€ million) (*)	No. of events	Length (km)	Investment (€ million) (*)	No. of events	Length (km)	Investment (€ million) (*)
2012	21	4,6	7,5	17	6	3,0	21	5	7,9
2013	25	6	3,3	19	2,7	6,4	19	1,6	3,4
2014	17	1,2	8,9	10	2,5(**)	2,8	32	6,6(**)	11,9

(*) Total value of events, whether multi-annual or not.

(**) Refers to individual works only, does not include CCC 2013/2016

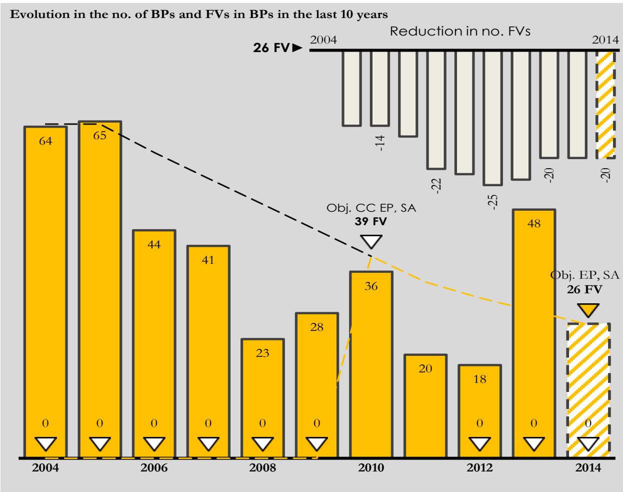
Works on 17 road safety projects were launched in 2014, including the 2015 vertical sign-posting project, of national scope, totalling €6.0m.

Moreover, 32 other works were concluded, representing an investment of €11.9m. This amount includes the vertical sign-posting and road marking works initiated in 2013 at national level, totalling €7.6m.

5.3. Road Safety Inspections

Inspections	Unit	2012	2013	2014
Network	km	250	450	300
Black Spots	No.	20	18	44
High risk road sections	No.	42	-	23
Monitoring	No.	-	-	21
Other	No.	± 150	± 150	± 150

5.4. Compliance with Concession Contract Obligations



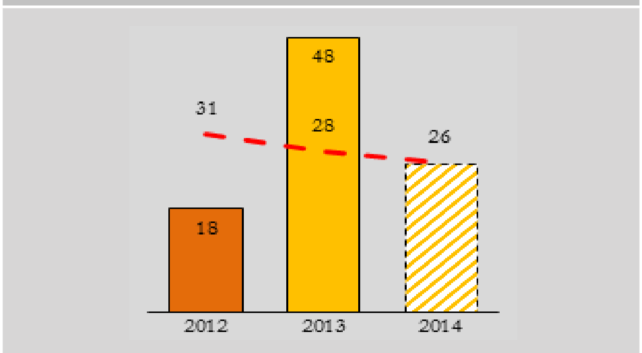
The Severity Index and Fatal Victims figures concern the months of January to October 2014.

Indicators	Objectives	2014 Target	2014 Results	2015 Target
Accident Rates	Redução n.º de Pontos Negros (PN) (Rede EP)	26	26	24
	Redução Índice de Gravidade (IG[1]) dos acidentes nas travessias urbanas (RRN[2])	21,476	16,742	18,939
	Redução do n.º de vítimas mortais (VM) (RRN[2])	299	189	201

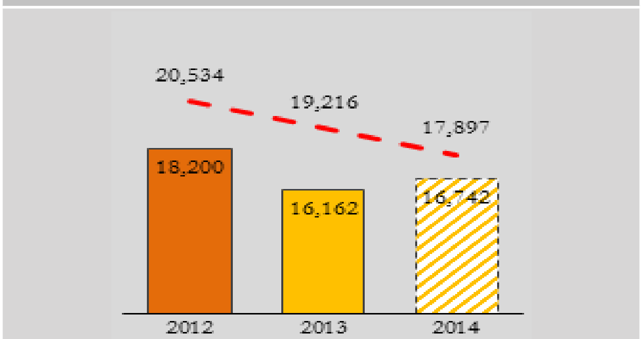
(1) Severity Rate (SR) = 100xD + 10xSI + 3xSLI, where D is the number of dead, SI the number of seriously injured, and SLI the number of slightly injured.

(2) NRN - National Road Network (EP Network and Network under Concession).

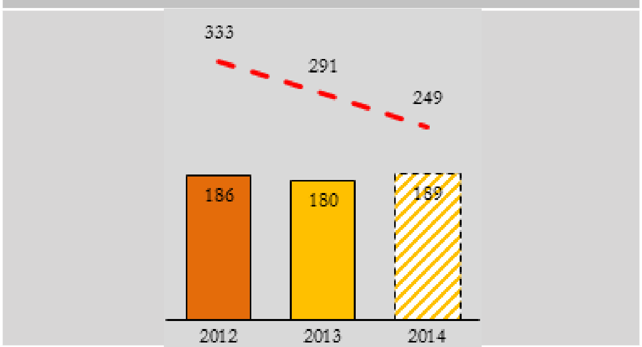
Reduction in n. of BPs (EP network)



Reduction of SR of accidents in urban crossings (NRN)



Reduction in no. of FV (RRN)



According to ANSR's 2013 Report, EP's network registered 48 BPs in that year, which is more than in 2012. However, the downward trend was maintained, with an average rate of growth of -8.5% between 2000 and 2013.

6. MANAGEMENT OF INFRASTRUCTURES

6.1. Investment Plan Execution

(€ million)

		2012	2013	2014	Δ (%) 2014/2013
I.	Surveys, projects, supervision and technical assistance	5,199	4,880	3,983	-18
1.	Construction surveys and projects	1,284	1,082	176	-84
2.	Maintenance surveys and projects	259	577	634	10
3.	Engineering Structure surveys and projects	725	856	688	-20
4.	Inspection, control and monitoring of construction works	108	10	150	1,400
5.	Inspection, control and monitoring of maintenance works	1	1	3	200
6.	Inspection, control and monitoring of Engineering Structure	1,257	1,182	1,486	26
7.	Other surveys, technical and legal assistance	1,565	1,172	846	-28
II.	Network Expansion	28,038	10,369	22,981	122
1.	IP construction	0	0	6,647	
2.	IC construction	12,282	160	7,551	4,619
3.	Construction of ENs and ERs	950	209	0	-100
4.	Land expropriations by EP	4,865	1,648	2,899	76
5.	Land Expropriations by other concessionaires	9,941	8,352	5,884	-30
III.	Modernisation of the network	14,818	5,258	2,961	-44
1.	Rehabilitation of IPs and ICs	1,747	260	-893	-443
2.	Rehabilitation of ENs and ERs	650	188	0	-100
3.	Rehabilitation/replacement of Engineering Structure	11,199	4,810	3,852	-20
4.	Construction of bypass to urban centres	1,222	0	2	
IV.	Network maintenance	28,965	23,213	18,295	-21
1.	Regular maintenance/upgrading of roads	12,288	14,541	10,240	-30
2.	Rehabilitation of Engineering Structure	16,677	8,672	8,055	-7
V.	Installation and improvement of equipment	3,529	1,324	1,688	27
1.	Machinery, buildings and equipment	829	447	1,030	130
2.	Information systems	1,264	758	642	-15
3.	Road telematics	1,436	119	16	-87
	Sub-total	80,549	45,044	49,908	11
VI.	Concessions	686,017	636,087	927,031	46
1.	SCUT network rents	242,399	279,606	250,067	-11
2.	Availability	441,250	351,795	670,581	91
3.	Rebalancings and compensations	362	6,296	6,279	0
4.	Contributions	2,006	-1,610	104	-106
VII.	Cost for the year	53,756	56,265	45,906	-18
1.	Current maintenance	46,001	49,546	33,277	-33
2.	Road Safety Improvement	4,240	5,988	11,699	95
3.	Agreements with local administration	3,515	731	930	27
Total		820,268	737,396	1,022,845	39

6.2. Surveys and Projects for Construction and Maintenance Works

Construction

Year	Tenders Launched			Surveys awarded/started			Surveys concluded		
	No. of events	Length (km)	Investment (€ million)	No. of events	Length (km)	Investment (€ million)	No. of events	Length (km)	Investment (€ million)
2012	1	0.80	0.05	8	2.30	0.11	8	29.80	0.80
2013	3	0.40	0.03	6	3.00	0.03	9	21.50	0.76
2014	1	5.60	0.08	--	--	--	5(1)	54.00	0.33

(1) The project for the 3 stretches of the A4 Marão Tunnel required another 6 surveys (internal projects) concerning the various specialities.

Maintenance

Year	Tenders Launched			Surveys awarded/started			Surveys concluded		
	No. of events	Length (km)	Investment (€ million)	No. of events	Length (km)	Investment (€ million)	No. of events	Length (km)	Investment (€ million)
2012	16	179.10	0.80	32	106.50	0.37	24	45.90	0.25
2013	21	322.00	1.17	96	677.70	1.10	75	415.06	0.03
2014	11	72.17	0.46	77	200.00	0.69	53	101.10	0.16

Note: Includes Major Repairs, Containment Structures and Road Safety projects.

Engineering Structure

Year	Tenders Launched			Surveys awarded			Surveys concluded		
	No. of events	Length (km)	Investment (€ million)	No. of events	Length (km)	Investment (€ million)	No. of events	Length (km)	Investment (€ million)
2012	13	18	0.43	44	60	0.61	43	77	1.01
2013	24	69	0.73	47	61	0.73	36	62	0.44
2014	6	7	0.12	51	104	0.34	80	141	0.97

6.3. Construction and Rehabilitation

Roads

In 2014 investment in awarded works for new road construction and rehabilitation totalled €150.6m.

These construction and rehabilitation contracts awarded concerned the three projects in the A4 Marão Tunnel (€146.4m investment) and the works on the IC16, Pontinha Junction - Benfica Roundabout project (€4.3m investment).

Year	Tenders launched			Works awarded			Works concluded		
	No. of events	Length (km)	Investment (€ million) (*)	No. of events	Length (km)	Investment (€ million) (*)	No. of events	Length (km)	Investment (€ million) (*)
2012	4	0	1.0	6	1.8	1.7	5	0	1.1
2013	4	0	0.5	4	0	0.5	2	0	0.2
2014	4	27.5	150.6	4	27.5	150.6	2	0	0.3

(*) Total value of events, whether multi-annual or not.

Engineering Structure

The main rehabilitation works awarded concerned the Sacavém bridge over the Trancão River, at the N10, which involved replacing the engineering structure (€2.5m), and the conclusion of the Vila Nova de Milfontes Bridge over the ER393, involving the rehabilitation and reinforcement of the engineering structure (€1.4m).

Year	Tenders Launched			Works awarded			Works concluded		
	No. of events	Length (km)	Investment (€ million) (*)	No. of events	Length (km)	Investment (€ million) (*)	No. of events	Length (km)	Investment (€ million) (*)
2012	2	3	8.7	6	7	17.4	10	15	15.3
2013	2	2	0.5	0	0	0	2	2	0.5
2014	5	5	1.2	5	5	3.7	1	1	1.4

(*) Total value of events, whether multi-annual or not.

6.4. Land expropriations

6.4.1. Investment

Investment in compensation for land expropriations decreased by 17% year-on-year, to €12.1m.

	Unit	2012	2013	2014
EP Land Expropriations	€ million	6.5	5.9	3.4
Plots of land expropriated	No.	290	180	140
Concessionaires land expropriations	€ million	14.6	8.7	8.7
Plots of land expropriated	No.	383	313	185
Total Paid	**€ million**	**21.1**	**14.6**	**12.1**
Total Plots of land expropriated	**No.**	**673**	**493**	**325**

The Company continued to strive for an amicable resolution of expropriation processes with published Declarations of Public Utility (DPU).

As to processes that have not been concluded, the expropriated persons and other interested parties are mostly the ones to blame for, with other situations concerning recent works with DPU or processes pending information.

In 2014 there 8,330 processes pending an amicable settlement (16.4% less than in 2013). The number of processes in litigation was

Strict management of maintenance in the national roads

1,800 (down by 7.7% year-on-year), and of these a large part concerned expropriations of land within the State Concessions - Grande Porto Concession, AE do Atlântico and AE do Norte (AENOR) - which, under the respective contract terms, are EP's responsibility.

6.4.2. Activity

In 2014 the main expropriation works and compensations paid concerned the three works projects in the A4 Marão Tunnel.

At the same time, expropriation works were pursued viewing the acquisition and temporary occupation of plots of land for the construction of roundabouts, improvement of roads, and the rehabilitation/ reinforcement/ enlargement/replacement of bridges, pontoons and hydraulic crossings (HCs), slope stabilisation/repair works, including the following:

• EN1 (km 113.444) – Connection Roundabout to EN356 (IC2 – Batalha Bypass);
• EN114-2 (km 0.325) – Bridge over Freiria River – Replacement;
• ENVN366 (km 13.010) – Bridge over Freiria River – Replacement;
• EN115 -1 (from km 4.200 to km 5.600) – Stabilisation of fill slopes;
• Costa de Prata Concession – A17/IC1 (from km 17.050 to km 22.600) – Aveiro Sul -Aveiro Nascente sub-stretch – Addition 2 (restoring the Granja de Cima, Purgatório and Portinhos streets);
• EN106 (km 30.800) – HC replacement.

Another 17 projects were approved, corresponding to 137 plots, of which 116 for expropriation and 21 for temporary occupation. Finally, technical opinions for 16 expropriation projects of the concessionaires were issued, and 19 DPUs were published.

6.5. Road Maintenance Management

Maintenance Management Model

Models	Management Systems	Stage of Development		
		Implementation	Consolidation	Evolution
Structures Maintenance Management	Engineering Structure		X	X
	Retention Works	X		
	Hydraulic Works	X		
Road Maintenance Management	Pavements		X	X
	Equipment	X	X	

The consolidation of the Maintenance Management Models will allow the company to ensure rational investment in maintenance actions at national level. This is viewed as a combination of current maintenance/conservation with regular maintenance/rehabilitation, undertaken on a cost/benefit basis, and stressing the rationality, efficiency and timeliness of the interventions.

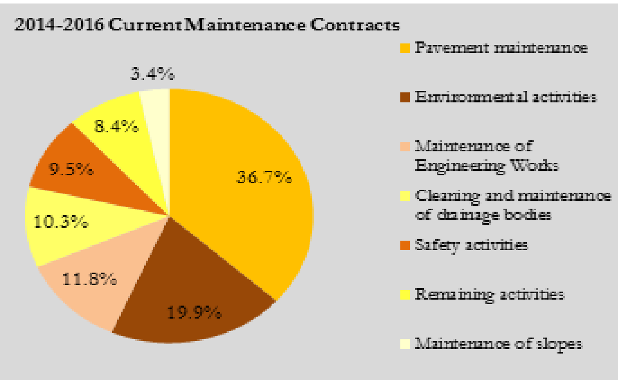
6.5.1. Current Maintenance Management

Current Maintenance takes place on the road and adjacent areas, aiming to maintain the conditions for comfortable and safe driving and avoid the deterioration of infrastructures and service quality.

The interventions made at this level include the necessary current maintenance/conservation works in all components of roads and engineering structures, as well as interventions in emergency situations aimed at restoring normal circulation.

In 2014, 14 new 3-year contracts were entered for multi-annual current maintenance at district level. These contracts provide, among others, for current maintenance activities taking place during pre-established periods, works on pavements, engineering structures, and drainage elements, and environmental and safety activities. The chart below shows the distribution of activities under the contracts currently in force (2014-2016), which amount to a total of €105m.

Maintenance of the ca. 14,000 km of roads ensured through 18 Current Maintenance Contracts



Since the beginning of 2012 current maintenance under contract also covers the high capacity highways of the Grande Lisboa Motorway network, under the direct management of EP, which also offers its own Customer Assistance services. In 2014 this network's current maintenance needs were met through an exclusive current maintenance contract.

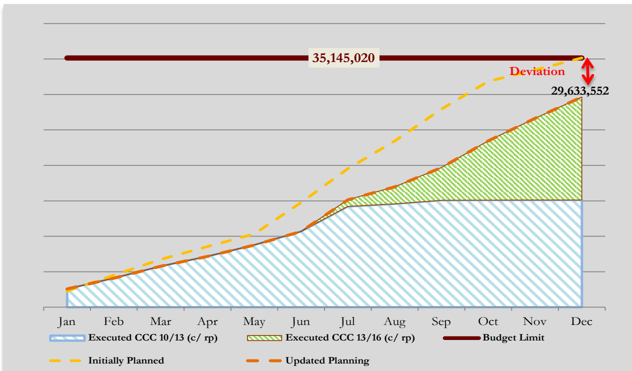
Likewise, the current maintenance needs of the Grande Porto Motorway network, including the highways transferred at the end of February 2013 from the Douro Litoral concession to EP, were also ensured by a contract covering the 2013-2015 period, thus following a model of full outsourcing of the maintenance and operation of a motorway network.

In addition, the Company also carries out one-off works, mainly concerning the stabilisation of slides in hillsides, slopes and the road platform, the restoration of support walls and the surface treatment of pavements.

Financial Execution

The 18 multi-annual contracts for district current maintenance are subject to strict management and attention to budget limits, to ensure that their overall execution rate does not surpass the budgeted amount in the Investment Plan (€35.1 in 2014), which should allow for price revisions.

The chart below shows the evolution of expenditure in 2014 and comparison with budgeted limits and financial schedules.



The chart shows that budget execution of current maintenance during 2014 fell short of the plan. In the first half of the year this deviation mainly resulted from the postponement of the 2010-2013 CCC contracts, while the more critical works were ensured during this period. During the second half, works were started as the 2014-2016 CCC contracts were being assigned in each district.

€86.7m

in Current Maintenance Works in 15 Districts

up to 2016

Current Maintenance Costs

	2012		2013		2014	
	Investment (€ million)	Exeution (%)	Investment (€ million)	Execution (%)	Investment (€ million)	Execution (%)
Current maintenance (*)	45.3	100	45.5	100	29.6	85(**)
Current Maintenance in the Grander Lisboa MW Network	-	-	1.4	100	0.9	100
Current Maintenance and Operation of the Grande Porto MW Network	-	-	1.3	100	2.0	89.9

(*) 18 Current Maintenance Contracts for the National Network.

(**) Detail of execution in the previous chart.

6.5.2. Road Maintenance Management

In 2014 EP pursued its objective of keeping updated the inventory of the network under its direct management, including the record of interventions in pavements. This showed a deviation of +0.02% relative to 2013, which includes variations due to corrections in the definition of jurisdiction limits.

Road Inspections

As regards the programme of Routine Road Inspections, the third cycle (2013-2014) of routine inspections was concluded in 2014, corresponding to 50% of the entire network under the Company's direct management (extension of sections, counting separately the left and right-hand lanes). This is an integrated process that covers Engineering Works as well as the components of the Road Network (pavements, drainage, slopes, environmental elements, lighting, etc.) and is fundamental to detect any maintenance problems that are either solved with the company's own operational means or trigger the realisation of major inspections.

In 2014 the major Inspections to Pavements using mechanical means (the laser profilometer) covered 93% of the entire network under the Company's direct management (extension of sections, counting separately the left and right-hand lanes). The aim is to obtain pavement profiling parameters permitting to establish a Quality Index, which in turn is used for a regular assessment of the evolution of the network's quality.

€116.5m

investment in 34 contracts for road maintenance works awarded

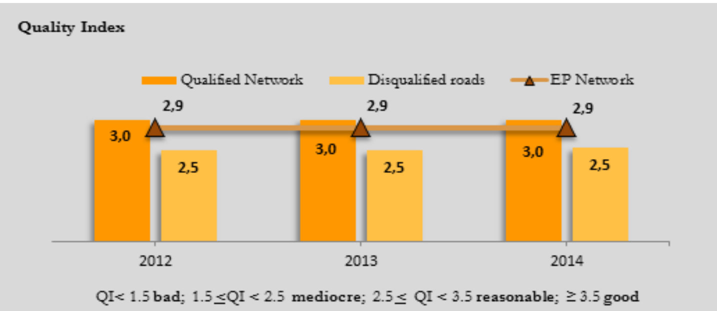
€177.5m investment 52 works concluded

Roads	2012		2013		2014	
	km	Execu-tion (%)	km	Exe-cution (%)	km	Execu-tion (%)
Routine inspections	6,608	48	7,402	53	6,956	49
Routine inspections (MW Network)			80	100	157	100
Major ins-pections with profilometer	13,663	98	13,011	93	13,124	93

Pavement Quality Index

Inspections made with a Laser Profilometer permit to collect data on the pavement's characteristics, using parameters such as texture, geometry, and longitudinal and transversal irregularity, which provide a highly accurate assessment of the state of conservation of the pavements.

The chart below shows the evolution of the average Quality Index for pavements, by type of road. The assessment covers 98% of the network managed directly by EP.



The average quality of the overall network has tended to stabilise, and the same has occurred with the qualified network and the disqualified roads.

The overall network maintains a reasonable quality level (2.5 to 3.5). The qualified network and the disqualified roads also maintain a reasonable quality level, though at the lower limit of this level.

ENGINEERING STRUCTURE MANAGEMENT SYSTEM

Early detection of intervention needs to reinforce and rehabilitate engineering structure

Road Maintenance

34 contracts for road maintenance works were awarded in 2014, representing a total investment of €116.5m. This total includes 19 current maintenance works in the national network under the 2013/2016 contract (total investment of €105.5m) and works on the high performance network, specifically current maintenance works under the 2014-2015 contract in the Grande Lisboa Motorway Network (€2.9m).

Moreover, 52 other works were concluded, representing an investment of €177.5m. This total includes the 18 district current maintenance works under the 2010/2013 contract.

Year	Tenders launched			Works awarded			Works concluded		
	No. of events	Length (km)	Investment (€ million) (*)	No. of events	Length (km)	Investment (€ million) (*)	No. of events	Length (km)	Investment (€ million) (*)
2012	17	18.9	11.5	16	47.0	6.3	16	49.9	13.0
2013	39	329.6	22.9	43	345.1	21.9	26	134.1	10.0
2014	15	68.0	6.0	34	103.5(**)	116.5	52	210.0(**)	177.5

(*) Total value of events, whether multi-annual or not.

(**) Refers to individual works only, does not include CCC 2013/2016.

6.5.3. Engineering StructuresManagement

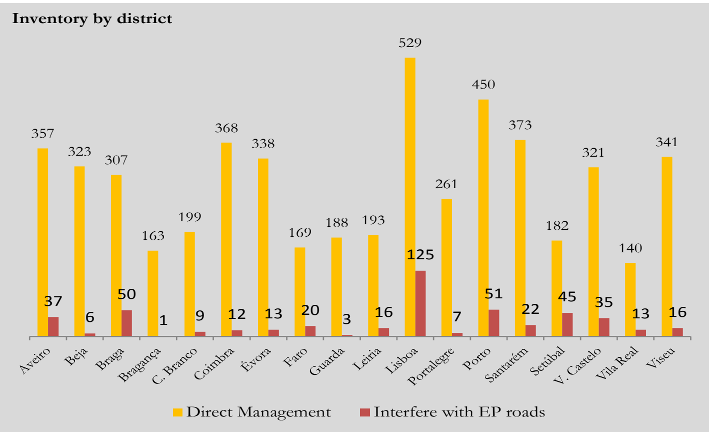
Inventory of Engineering Structures

(No.)

Year	Direct Management	Interfere with EP roads
2012	4.738	464
2013	5.103	441
2014	5.202	481

87.9% OF THE ENGINEERING STRUCTURE have been assessed as being in a "good" or "very good" State of Conservation.

(No.)

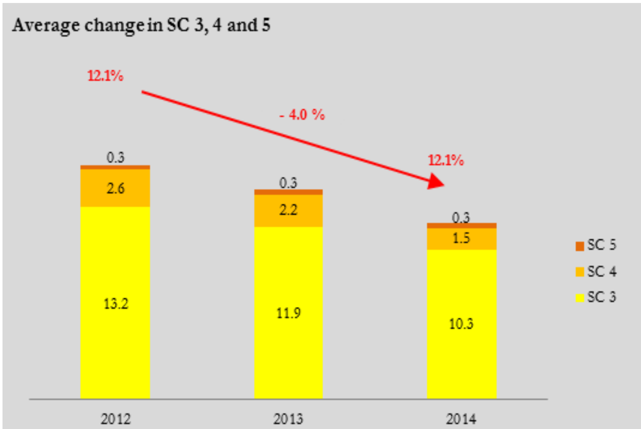


A Component's State of Conservation (SC) is an indicator that translates the conditions of that component, namely in terms of wear, deterioration, functioning or execution. It varies on a scale of 0 to 5, as shown in the table below.

State of Conservation	Meaning
0	State of Conservation Excellent
1	State of Conservation Very Good
2	State of Conservation Good
3	State of Conservation Reasonable
4	State of Conservation Deficient
5	State of Conservation Bad

	State of Conservation						Average	Total
	SC 0	SC 1	SC 2	SC 3	SC 4	SC 5		
2012	62	1,317	2,259	570	114	12	1.9	4,334
2013	80	1,490	2,452	561	103	14	1.8	4,700
2014	100	1,718	2,573	517	75	15	1.8	4,998

(%)



Thanks to regular preventive interventions, 87.9% of the Engineering Structure have been assessed as being in a "good" or "very good" State of Conservation, while 2.1% need intervention within less than 3 years, with the respective reparation processes being under way.

2,316 ROUTINE INSPECTIONS

927 MAJOR INSPECTIONS

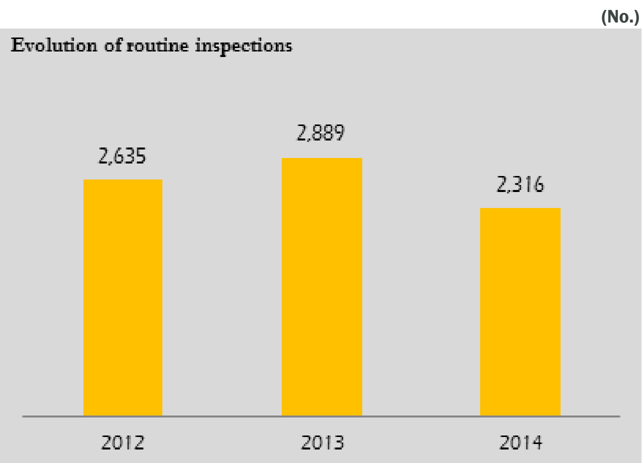
6 UNDERWATER INSPECTIONS

Type of inspections	2012		2013		2014	
	No.	Execution (%)	No.	Execution (%)	No.	Execution (%)
Routine inspections	2,635	102	2,889	91	2,316	71
Routine inspections (MWs)					99	100
Major inspections	910	102	1,043	110	927	100
Underwater inspections	0	100	43	100	6	100

Routine inspections

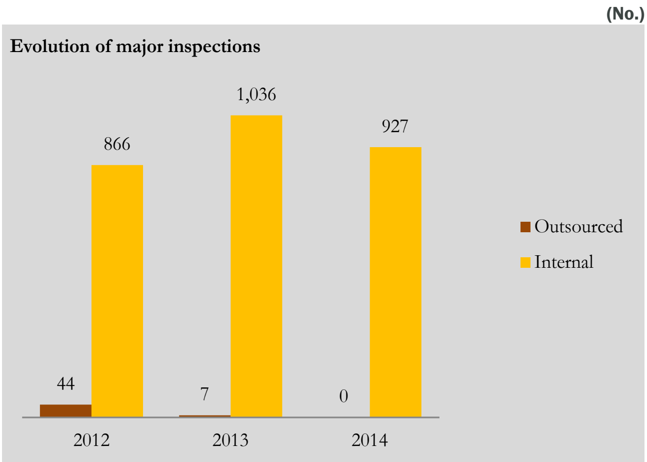
Routine inspections take place every two years. They assess the level of maintenance and, when necessary, trigger non-programmed major inspections.

The fourth cycle of routine inspections was completed in 2014, and, due to the non reversal of the works under sub-concessions, there was a significant difference between planned and executed inspections.



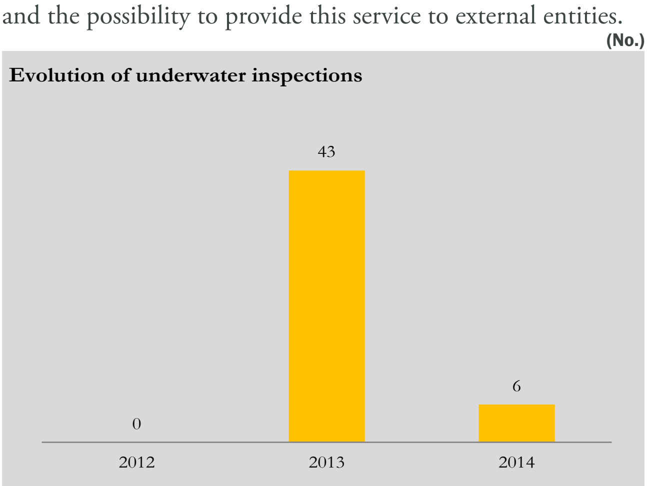
Major Inspections

These inspections are programmed and take place at regular intervals, to verify the state of conservation of engineering works. In 2014 all MIs were carried out using the company's own resources, including when special means were used.



Underwater Inspections

The underwater inspection to the pillars of the Portimão Metal Bridge was the first to be carried out entirely by EP's team of specialised technicians, who work in the Company's Underwater Inspections Unite, created in 2013. Having its own qualified technical inspectors gives the Company the ability to carry out all kinds of inspections, as well as fast intervention capacity and the possibility to provide this service to external entities.



REHABILITATION OF ENGINEERING STRUCTURE

Intervention in 69 works, Total Investment of €8.5m

Maintenance of Engineering Structure

Rehabilitation of Engineering Structure

34 rehabilitations were concluded in 2014, involving 69 engineering structure and a total investment of €8.5m.

Year	Tenders Launched			Works awarded			Works concluded		
	No. of events	Length (km)	Investment (€ million) (*)	No. of events	Length (km)	Investment (€ million) (*)	No. of events	Length (km)	Investment (€ million) (*)
2012	22	42	1.1	28	65	7.2	35	85	24.3
2013	41	74	15.1	42	84	16.5	23	48	15.4
2014	17	18	2.4	15	22	2.1	34	69	8.5

(*) Total value of events, whether multi-annual or not.

6.5.4. Management of Containment and Hydraulic Works

The 2010-2013 Multi-Annual Maintenance Contracts included making an inventory of contention works under EP's direct management but which belong to other owners and therefore interfere with EP's roads This inventory found that at the end of 2014 there were 23,559 containment works, of which 12,650 under direct management and 10,909 that interfere with EP's roads.

The methodology for a Maintenance Management System for Containment Works is being developed, together with the respective manuals on Major and Routine Inspections, as has already been done for the Engineering Structure Management System.

As to hydraulic works, they are being managed under current maintenance contracts, being inventoried by EP's SIG as road equipment. The aim is to extend to this type of equipment the Engineering Stucture Management System, with a simplified methodology in so far as they are small structures of low technical complexity.

6.5.5. Management of Road Vegetation

Road trees and shrubs, though a benefit for the environment and the road clients, may also cause problems, namely of safe circulation, of conflict with the urban space and problems of the plants themselves (diseases, plagues, exotic species ...) that must be taken care of.

Road vegetation is an asset of the Company which it must preserve and value, for the good of its clients as well as for its intrinsic value. Managing these assets requires inspections and checks to identify any required interventions. These include pruning, cuts or new plantations.

EP has its own team of specialists with the required qualifications to carry out these inspections and checks. All interventions take into account the available information about the condition of the plants, the importance of the network, the traffic, external requests and risk factors.

Type of Works	Unit	2012	2013	2014
Inspections	No.	(*)	120	253
Checks	km	(*)	719	1,084

(*) This indicator was calculated differently.

6.6. High Performance Network Operation and Maintenance

EP's High Performance Network is divided into six regions: North, Centre, South, Lisboa and Tejo Valley, Grande Lisboa and Grande Porto.

Centre Region	North Region	Lisboa and Tejo Valley Region	South Region
A24/IP3 - Viseu (North) - Fail (IP5)	A3/IP1 - Valença (South) - border with Spain (includes Valença Bridge)	A23/IP6 - Torres Novas (A1) - Abrantes	A22/IP1 - Guadiana Bridge and road accesses
IP3 - Figueira da Foz – start of A14 - A1 - Trouxemil - Bypass to Faîl	Bypass to EN14 - Braga ring road	IC10 - Santarém (A1) - Almeirim (IC13) (includes Salgueiro Maia Bridge)	
EN109 - Figueira da Foz Bridge and road accesses	Bypass to EN14 - Famalicão bypass	IP6 - Peniche - A8	
A35/IC12 - Santa Comba Dão - Canas de Senhorim (includes bypass to Carregal do Sal)	Bypass to EN101 - Braga – Prado		
A31/IC2 - Coimbra Sul - Coimbra Norte - Coimbra South bypass	A4 – Geraldes junction – connection to IP4		
IC2 - Coimbra South bypass - Boavista (south access to Rainha Santa Isabel Bridge)			
IC3 - Boavista Junction - Portela Bridge (Rainha Santa Isabel Bridge and road accesses)			
EN341 – Taveiro - Coimbra Sul			

Grande Porto Region	Grande Lisboa Region
A1/IC2 - Sto. Ovídio Junction – Coimbrões	IC16/A16 – Benfica Roundabout – Belas
A1/IC1 - Coimbrões – Arrábida Bridge (North)	IC2/A30 - Lisbon - Santa Iria da Azóia
A28/IC1 - Arrábida Bridge (North) – Sendim (A4)	IC17 (CRIL) - Algés – Sacavém
A20/IP1 - Carvalhos – VCI Junction	IC19/A37 - Buraca – Sintra
A20/IC23 – VCI Junction – Francos Junction	IC22/A40 - Olival de Basto (IC17) – Montemor (IC18)
A44/IC23 - Coimbrões – Freixo Bridge	IP7 - North/South Axis Road
A43/IC29 – Freixo Bridge – Gondomar	A21 – Venda do Pinheiro (A8) - Ericeira
N14 – Ameal – Chantre Junction	IC15/A5 - Viaduto Duarte Pacheco
	N117 - A5 - IC19

The operation and maintenance works on the North, Centre, South, Lisboa and Tejo Valley Regions are carried out by EP's regional structures, based on a shared resources management model.

The Geraldes Junction - Connection to IP4 stretch of the A4 is operated under a separate Road Assistance Services contract with Brisa O&M, the Traffic Control and Management and Customer Service System having been fully integrated into EP's Traffic Unit.

Under contractual obligations, EP ensures the management and operation of this Motorway Network. This includes a set of actions aimed at ensuring proximity with the client, namely monitoring traffic conditions to survey and prevent accidents and providing assistance to the clients (sanitary and mechanical assistance, including using external aid and assistance means).

This Motorway Network aims to ensure accessibility and mobility between the large urban centres, particularly the Greater Lisbon and Greater Porto Metropolitan Areas.

The level of requirements in these motorways is the highest at national level - in some sections the Annual Average Daily Traffic (AADT) exceeds 100,000 vehicles. Hence the management model implemented (direct administration in Grande Lisboa and by contract in Grande Porto) ensures the operation of these motorways 24 hours a day, 365 days a year.

The Operation and Maintenance of the Grande Lisboa Motorway Network ("RAEGL") covers the motorways located in the Grande Lisboa area, totalling 92 km of dual carriageway plus approximately 70 km of access roads.

These were the main interventions carried out in 2014 in this network:

• Reinforcement of safety signalling at the IP7- North/South Axis Road;
• Regular CPX simulation exercises in the Benfica and Grilo tunnels;
• Repair of lighting on the Viaduto Duarte Pacheco;
• Replacement of vertical signing and orientation on the A23 with high performance reflecting material;
• Provision of services in connection to temporary signalling of interventions in the network;
• Cooperation with the police authorities in several network inspection actions;
• Cooperation with Instituto Superior Técnico in a research survey conducted in the Grilo tunnel to assess the overall durability and thermal insulation characteristics of concretes produced with different types of binders and different types of light weight aggregates of normal density.

The Grande Porto Motorway Network ("RAEGP") includes the access motorways to Porto, with an approximate length of 48 km, plus 46 km of access branches. It also includes 163 engineering structure, namely two bridges over the Douro River - the Arrábida Bridge and the Freixo Bridge.

The interventions made in High Risk Road Sections were mainly low cost measures involving localized treatments, namely to improve pavement friction conditions (grinding), reinforce dynamic/light signing, redesign fast lanes in access roads off connecting junctions, and improve retention systems /concrete separators

During 2014 there were 24,491 events registered in the RAEGL and RAEGP, as detailed in the table below:

Events	No.RAEGL	(%)	No.RAEGP	(%)
User Support	7,548	44	3,814	52
Accidents	2,212	13	1,311	18
Vehicle breakdowns	4,437	26	2,352	32
Other	899	5	151	2
Inspection of road conditions	9,200	54	3,271	45
Police patrolling	427	2	231	3
Total	17,175	100	7,316	100

The RAEGL registered 17,175 events, corresponding to an average of 187 events/km per year, while the RAEGP registered 7,316 events, corresponding to an average of 152 events/km per year.

6.7. Sub-Concessions

As regards EP's sub-concessions, those where greater progress was achieved were the Baixo Alentejo and Algarve Litoral sub-concession, for which the Company entered preliminary agreements with the sub-concessionaires.

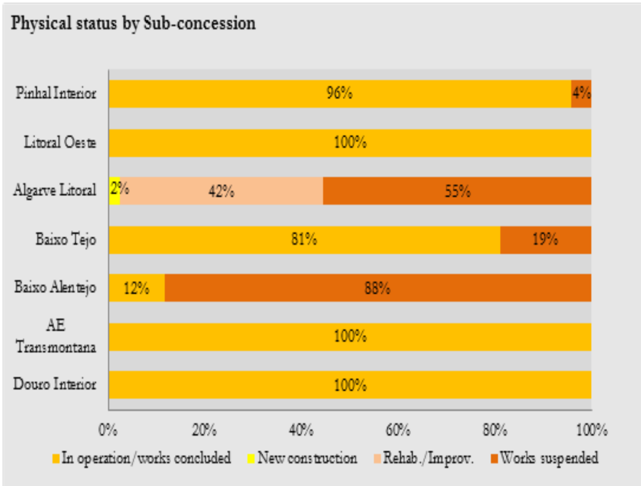
As to the other contracts - AE Transmontana, Baixo Tejo, Litoral Oeste and Pinhal Interior - the memoranda of understanding were signed and negotiations are proceeding viewing a final agreement between the parties.

Openings to Traffic

MW	Stretch/Sub-stretch	Length (km)	Opening to Traffic	Toll
A13/IC3	Condeixa - Coimbra	8.3	24/04/2014	Yes

The Douro Interior, AE Transmontana, Baixo Tejo, Litoral Oeste and Pinhal Interior sub-concessions are in operation.

The chart below shows the stage of completion of the works, by sub-concession, compared to the initial contract, where road stretches opened to traffic or with the initial intervention fully concluded are designated as "In operation/works concluded".



Inspections

To comply, not only with the sub-concession contracts, but also with EP's own concession contract, there was a reinforcement of monitoring inspections to construction, rehabilitation and improvement works, and regular inspections of road stretches in operation to assess compliance with contractual obligations, namely in terms of contracted service levels.

Given the geographic dispersal of the sub-concessioned undertakings, monitoring all rod components, from drainage, to pavement, safety, telematics and others, requires long and lengthy travel across the country and represents a considerable consumption of specialised human resources.

€292.6m (including VAT)

2014, start of payment of sub-concessions

The table below shows the visits made in 2014 to the sub-concessioned network, which include inspections to several road stretches.

Sub-Concession	Inspections/Checks (No. of days)	Sightings (No. of days)	EWs Inspections (No. of EWs)
	GC	Inspection and Support Mobile Units ("UMIAs")	
Douro Interior	15		
AE Transmontana	12		
Baixo Alentejo	32	62	5
Baixo Tejo	57	1	2
Algarve Litoral	9	1	
Litoral Oeste	10	8	
Pinhal Interior	46	29	
Total	**181**	**101**	**7**

Remuneration

The remuneration of four sub-concession contracts, namely the Douro Interior, AE Transmontana, Baixo Tejo and Litoral Oeste sub-concessions, started to be paid in 2014:

Sub-Concession	Start date of remuneration (according to SC):	Value Availability + Service (€ thousand, excl. VAT)
Douro Interior	01/01/2014	89,689
AE Transmontana	01/01/2014	47,528
Baixo Tejo	25/01/2014	42,880
Litoral Oeste	27/02/2014	69,601

Under the contracts signed with the sub-concessionaires, these are annually remunerated according to the availability of the roads and the service provided, with deductions/penalties applied for non-compliance.
The Douro Interior sub-concession, because it is not being renegotiated, was remunerated as planned, with all bills presented being fully paid except those concerning the contingent remuneration. In fact, in light of the reservations expressed by the Court of Auditors (successive inspection section), the BD was of the opinion that the conditions were not met for authorising payments of contingent availability.

The other sub-concessionaires are renegotiating their contracts with the Negotiation Committee set up for the purpose, after having entered preliminary agreements with EP that reduce the scope of their sub-concessions. Even though no new financial models have been agreed, the reduction in scope will certainly correspond to a reduction in costs. Therefore, and in line with the budgetary consolidation effort required to the State and State entities, EP considered it was important to materialise part of the savings yielded by the renegotiations already in 2014, and notified the sub-concessionaires to this effect. In so far as the negotiations were and are still under way, it was considered more adequate to apply a proportion of the Base Case rather than to use some preliminary financial model. Hence 80% of the availability foreseen was paid. In the case of the Baixo Tejo sub-concession, the payment was 60% since the sub-concessionaire itself only billed part of the amount foreseen in the Base Case as it deemed fit to withdraw the ER-377 from the calculation, as it had in fact not built it.

6.8. Renegotiation of Public-Private Partnerships

Within the scope of the support provided by EP to the Project Unit appointed by UTAP (the technical support unit for PPP projects), the Company pursued its technical support actions to the appointed Negotiation Committees (NCs). Despite the efforts undertaken by these NCs, only the agreements with the Ascendi, Norscut and Scutvias concessionaires were concluded in 2014, and some bank authorisation processes of Ascendi and Scutvias are still pending.

Even so, based on the expected success of the negotiations, several concessionaires accepted a reduction in their contractual remuneration, which thus led to cost savings in 2014. A similar measure was adopted for the sub-concession contracts, however it has not yet been fully accepted by the private partners.
All negotiations under way should be concluded during the first half of 2015. The Negotiation Committee has already closed six of the nine concession contract processes under review as well as the Base Cases for three of the six sub-concession contracts.

Note that the reduction in costs with the PPPs, particularly in the road sector, was repeatedly stressed as critical in the adjustment programme agreed with the Troika.

Reduction of Payments in the Context of the PPPs

(€ thousand, at current prices, including VAT)

Infrastructure Availability	2013			2014			Accumulated 2013-2014		
	Base Case	Real Costs	Cost Savings	Base Case	Real Costs	Cost Savings	Base Case	Real Costs	Cost Savings
1. State Concessions - Tolled Motorways	173,073	115,217	57,856	166,662	159,297	7,365	339,735	274,513	65,222
2. State Concessions - Tolled ex-SCUTS (toll-free motorway)	726,052	654,544	71,508	715,317	635,615	79,703	1,441,369	1,290,159	151,210
3. EP + Marão Tunnel Sub-concessions	22,594	-1,367	23,962	540,339	294,837	245,502	562,934	293,470	269,464
4. Total (1+2+3)	**921,719**	**768,394**	**153,325**	**1,422,319**	**1,089,748**	**332,570**	**2,344,038**	**1,858,142**	**485,896**
Other Costs									
1. ex- SCUTs toll collection costs	88,035	52,086	35,949	85,667	43,380	42,287	173,702	95,466	78,235
2. Contributions and compensations	4,654	-13,861	18,515	3,615	212	3,403	8,269	-13,649	21,918
Total	**92,688**	**38,225**	**54,463**	**89,282**	**43,592**	**45,690**	**181,970**	**81,817**	**100,153**
Total	**1,014,407**	**806,619**	**207,788**	**1,511,601**	**1,133,341**	**378,260**	**2,526,009**	**1,939,960**	**586,049**

6.9. 25 de Abril Bridge

A set of actions involving inspections, surveys, maintenance, conservation and improvement works and the safety of the operation are regularly carried out on the 25 de Abril Bridge on an integrated management basis.

In line with this management model and to attain the objectives established in the Annual Safety Programme, the following actions took place in 2014:

• Quality Manual: Development of a model for the burden -sharing of costs with the structure;

• Infrastructure Inspection and Maintenance: Management of integrated services of inspection, operation and maintenance of mobile platforms and maintenance of elevators;

• Monitoring and Observation of the Infrastructure: Management of structural monitoring services, including observation of the bridge's overall behaviour, development of the instrumentation plan and acquisition of equipment. Contracting of structural monitoring services for the 2014-2016 period.

• Repair and Maintenance Projects: Development of projects to repair anomalies detected in the stiffening girder of the suspension bridge, repair the bearing plates of the north junction of the access viaduct, and repair the concrete of the deck joints; the stiffening girder's repair and reinforcement project and monitoring, undertaken by the North-American consultant PARSONS, were concluded, representing an investment of €250 thousand;

• Repair and Maintenance Works: Inspections were carried out for the provisional acceptance of works and release of guarantees on repair and maintenance works carried out between 2010 and 2013;

• Integrated Management of Operating Security: Performance of "Command Post Exercises - CPX" to test the Integrated Emergency Plan The exercise, which involved a total of 10 entities, tested both safety and security aspects, as well as the two operating modes coexisting in the bridge, namely road and rail.

€531.4m

INCREASE IN RSC INCOME

+4% year-on-year

7. Economic Performance

7.1. Income

(€ million)

	2012	2013	2014	Δ% 2014/2013
Construction Contracts	**939.5**	**343.6**	**141.9**	**-59%**
Sub-Concessioned Network - Construction	709.9	195.6	24.0	-88
Construction of New Infrastructures	19.4	3.6	24.8	583
Capital Financial Costs	210.2	144.3	93.0	-36
Road Service Contribution	**511.7**	**508.6**	**531.4**	**5**
Tolls	**211.9**	**240.2**	**261.7**	**9**
Other Operating Income	**30.3**	**27.9**	**25.6**	**-8**
Infrastructure based business				
Service areas	1.8	1.9	1.9	0
Licensing	6.3	4.8	2.1	-56
Road Technical Channel	1.2	1.4	1.9	36
Real Estate	**4.2**	**0.7**	**1.4**	**84**
Other	**16.8**	**19.0**	**18.7**	**-2**

7.1.1. Road Service Contribution

In 2014 the Road Service Contribution (RSC) had a positive performance, growing by 4% year-on-year, to €23m.

This positive evolution was underpinned by three factors:

i) Increase in fuel consumption due to the increase in traffic, even if EP does not capture the maintenance of energy efficiency;
ii) AIntroduction of LPG in the RSC;
iii) Increase in the nominal value of the RSC in 2014.

7.1.2. Tolls

Toll income increased by 9% year-on-year. This increase was underpinned, not only by the consistent traffic recovery trend seen during 2014, but also by the increased efficiency of the toll system. This was due, on the one hand, to the collection of tolls from foreign-registered vehicles (thanks to the implementation of the Easytoll payment solution, which increased by around 30% in 2014 in terms of subscriptions and collected income) and the interoperability of the electronic devices with the Spanish system, and on the other to the start of enforced collection of tolls through the Tax Authority.

The former SCUT concessions (formerly toll-free) were the largest contributors to toll income, their share increasing by 11% year-on-year, to €185.3m. Within these, the highest increase, of more than 15%, came from the Beira Interior and Algarve former SCUTS.

Accounting for roughly 70% of the total in 2014, the toll income from the former SCUTS plays a key role in EP's financial sustainability.

Toll collection in the sub-concessioned motorways generated revenues of €14.4m, which represents a 30% increase over the previous year and a share of 6% of the total toll income.

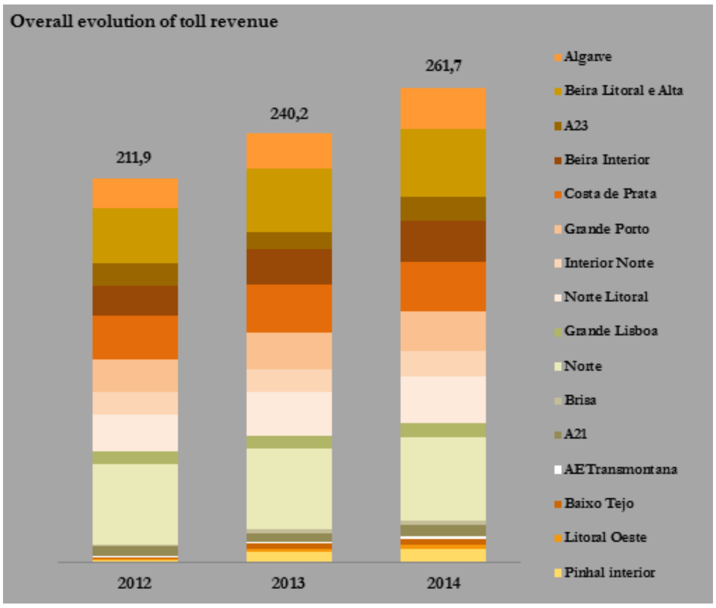
Note that under BRISA's concession contract, this company delivered to EP a sum of approximately €2.1m corresponding to 85% of the tariff increase surplus in 2014 over 90% of the increase in the Harmonised Consumer Price Index.

TOLL REVENUE - increase from €240.2m to €261.7m:

€185.3m from the ex-SCUTs (formerly toll-free motorways)

€62m from tolled concessions;

(€ million)



7.1.3. Infrastructure Based Business

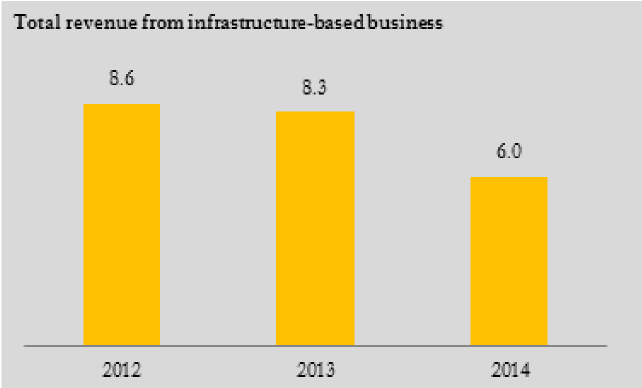
In 2014 the infrastructure based business focused on the Service Areas sub-concession contracts, licensing, and the management of the Road Technical Channel in the network under EP's supervision. This permitted to boost revenues and cushion the impact of the entry into force of the "zero licensing" bill, which restricted the Company's operation in the area of advertising.

A new structure of infrastructure based income started to be prepared in 2014, where the new model of use and access to road technical channel infrastructures, as well as the provision of services to third parties will play a relevant role, leveraging the company's 87 years of engineering know-how.

The new services will stem from the development of EP Expertise Units, such as the Engineering Structure and Road Management units, which will form the basis for a future offer of a portfolio of company products and services, fostering value capture.

In 2014 infrastructure based income was around €6m, down by 28% year-on-year (in 2013 it had totalled €8.3m, of which €2.8m were generated by advertising).

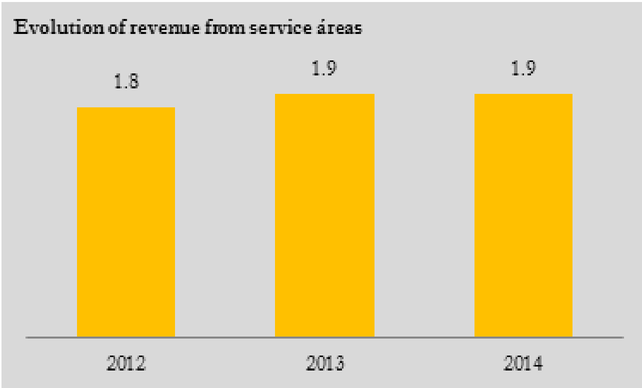
(€ million)



Service areas

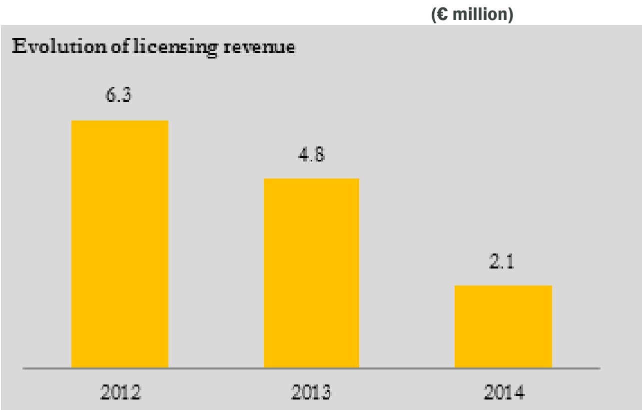
In 2014 there was no change in the number of service area sub-concession contracts under EP's management, with income remaining flat at €1.9m.

(€ million)



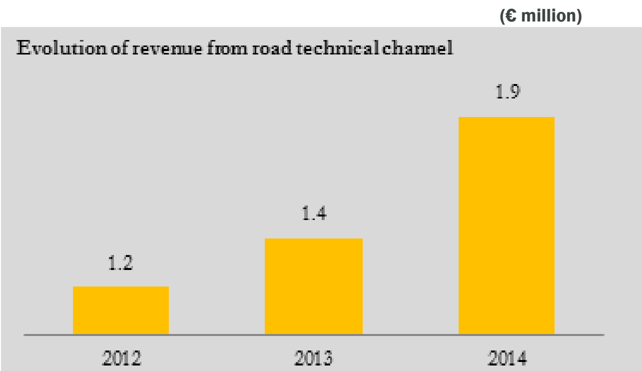
Licensing

Income from licensing totalled €2.1m in 2014. This amount includes the collection of fees and other associated income, namely from fines and certificates. Compared to 2013 there was a decrease of 56%, which was due to the decline in income from advertising.



Road Technical Channel

The road technical channel is one of the areas where the Company intends to boost income in the short term, by increasing discipline in the telecommunications activity of its network. The income generated in 2014, €1.9m, translates a 36% increase over the previous year's.



A new survey and register of the Road Technical Channel and Electronic Communication Networks in EP's network was started in 2014, as an outsourced service. When this is completed, a regularisation procedure will be implemented to rule the use of the RTC by the telecommunication operators, with a foreseeable increase in income from this product.

New products and services

As regards new products and services, in 2014 the Company focused on promoting the EP brand in the market as a provider of services of excellence, at operational, advisory and content provision level, with the aim of boosting income generated by these services.

In this area the Company gave particular attention to new business opportunities capable of making its assets more lucrative, as well as its various Expertise Units: Geographic Information System (GIS), Traffic Modelling, Engineering Structure, Road Management, Public-Private Partnerships, Traffic Unit, Topography and Road Security. This new activity yielded €120 thousand income, which is expected to increase in the coming years.

7.1.4. Real Estate Management

In the context of the management of EP's assets and asset reorganisation plan, a vast set of properties (land) considered unnecessary for the company's activity was identified. This led to the proper identification and register of these properties, viewing their subsequent disposal.

In an effort to make a profit out of properties obtained through expropriations, in 2014 the cadastral and property records of 553 such properties were regularised. 114 properties were classified as capable of being profitable, and some of these were deemed fit for being advertised in the Bolsa Nacional de Terras (National Land Bank).

HUMAN CAPITAL

4% decrease in Staff Costs €33.3 million down from 1,083 to 1,022 employees

Breakdown by district of main property assets put on the market:

District	Value of Property (€ million)	Main use
Aveiro	2.0	Retail/Industry
Braga	0.9	Services
Beja	0.4	Housing
Bragança	1.1	Services
Coimbra	1.9	Services
Évora	2.0	Tourism
Faro	2.4	Services
Guarda	0.4	Tourism
Leiria	2.1	Services
Lisboa	3.2	Tourism
Portalegre	1.0	Services
Viana do Castelo	0.9	Retail/Industry
Porto (Matosinhos)	0.3	Services
Vila Real	0.4	Services
Viseu	0.8	Tourism/housing

Some the properties included in the above chart (with a total base value of €6.9m) were put on sale in 26 auctions. The valuation value was reduced by an average of 30% in an attempt to adjust prices to current market expectations.

While the real estate market remained sluggish for most of the year, with weak demand from investors, the last quarter of 2014 saw a reversal in this trend.

Cash proceeds, obtained not only from auctions, but also through direct sales, resolution of undue occupations of EP properties, and return of properties to the expropriated persons, totalled approximately €1.5m, which represents a year-on-year increase of 100%.

Income from rentals also doubled in 2014, reaching €0.1m, driven by an increase in the investment made to advertise this product as an alternative to other ways of making it profitable.

7.2. Operating Costs

7.2.1. Staff Costs

Workforce	Unit	2012	2013	2014
HR excl. corporate bodies and senior management	No.	1062	978	915
Senior management excl. corporate bodies	No.	108	105	107
Corporate Bodies	No.	7	7	6
Total workforce	No.	1,177	1,090	1,028
HR costs excl. corporate bodies and senior management	€ million	26.2	27.1	26
Costs with senior management, excl. corporate bodies	€ million	6.6	7.2	7
Costs with corporate bodies	€ million	0.7	0.4	0.3
Redundancy payments/ compensations	€ million	2.7	2.7	1.2
Total staff costs (*)	**€ million**	**33.5**	**34.7**	**33.3**

(*) Does not include redundancy payments/compensations.

7.2.2. Other Supplies and Services

Car Fleet

Evolution of Expenditure (€ million)

	2012	2013	2014	Δ% 2014/2012	Δ% 2014/2013
Maintenance	0.2	0.3	0.5	120	47
Fuel	1.2	1.2	1.1	-6	-3
Vehicle Operational Leasing Rents	1.8	1.8	1.4	-22	-21
Total	**3.2**	**3.3**	**3.0**	**-7**	**-8**

Electricity

Evolution of Expenditure (€ million)

	2012	2013	2014	Δ% 2014/2012	Δ% 2014/2013
Installations	0.5	0.5	0.4	-17	-16
Road Lighting	0.9	1.2	1.1	24	-4
Other (roads)	0.2	0.2	0.1	-25	-21
Total	**1.5**	**1.8**	**1.6**	**6**	**-9**

Communications
Evolution of Expenditure (€)

	2012	2013	2014	Δ% 2014/2012	Δ% 2014/2013
Telephone and Fax	70,076	74,216	49,100	-30	-34
Mobile phones	88,305	78,826	82,110	-7	4
Total	**158,381**	**153,042**	**131,210**	**-17**	**-14**

7.2.3. Procurement

During 2014 the Company continued to consolidate its procurement procedures and monitoring, which involved the cooperation of various areas besides procurement, namely the financial and information systems departments, and a set of procedural requirements, arising from the Company's reclassification for budgetary purposes and the commitments regime, were internalised. A Procurement Committee was created to analyse and set priorities in relevant procurement processes, taking into account the available funds, own revenues and existing commitments, and stressing the most efficient application of the procurement policies defined by the Company. The effort to meet the deadlines of contracts sent to the Court of Auditors was stepped up, through the establishment of strict rules applying to all the intervening structures.

EP's procurement policy is based on the following principles:

i) public tenders (national or international) are the favoured procurement procedure; direct awards are only made in specific cases in terms of both the object of procurement and the framework of the process;
ii) as a rule, using electronic procurement;
iii) the existence of common rules and procedures applying to any procurement process.

These principles aim to guarantee the strictness and transparency of procurement processes as well as the best acquisition conditions.

The table below summarises EP's public procurement data in 2014 and comparison with the two previous years.

Type of Procedure	Tenders Launched		Tenders Launched		Tenders Launched	
	2012		2013		2014	
	(No.)	(€ million)	(No.)	(€ million)	(No.)	(€ million)
Public Tenders	90	51.8	156	211.9	82	235.3
Direct Award (invitation to 1 company)	88	6.2	111	6.5	90	5.1
Direct Award (invitation to several companies)	19	1.3	27	1.6	24	1.1
Limited tenders	1	0.2	3	0.7	6	3.4
Framework Agreements					4	4.7
Total	**198**	**59.5**	**297**	**220.7**	**206**	**249.6**

Acquisitions in 2014, by type

Type of acquisition	(No.)	(€ million)
Public Tenders		
Works	45	227.5
Acquisition of Goods and Services	25	6.6
Projects	12	1.2
Direct Award (invitation to 1 company)		
Works	14	1.4
Acquisition of Goods and Services	63	3.1
Projects	13	0.5
Direct Award (invitation to several companies)		
Works	8	0.5
Acquisition of Goods and Services	13	0.5
Projects	3	0.1
Limited tenders	**6**	**3.4**
Framework Agreements	**4**	**4.7**
Total	**206**	**249.5**

The analysis of the tables above highlights the following aspects;

i) the number of procurement procedures launched in 2014 decreased compared to 2013 (-31%);
ii) the amount involved in procurement procedures launched in 2014 through public tender or tender limited by prior qualification represents 95% of the total amount of procurement procedures launched by the company in this year;
iii) in procurement procedures for works, which represent 92% of the total value of procurement procedures, the percentage of public tenders is 91%.

Finally, from the 206 procurement procedures launched in 2014, 176 were placed through the electronic procurement platform, which represents 85% of the total.

7.2.4. Institutional Advertising

Bearing in mind the obligations arising from Decree-Law no. 231/2004, of 13 December, Council of Ministers Resolution no. 47/2010, of 25 June and Governmental Order no. 1297/2010, of 21 December, publicity and advertising costs totalled €78,055.62 in 2014.

Together with ACP KIDS, EP participated in the National Road Education Programme. This programme, which targeted children in pre-school and the 1st cycle of basic education and involved the whole school community, namely students, teachers, trainers and parents, aimed to raise awareness to the importance of road safety and familiarity with the rules on circulation in public roads. The company sponsored this initiative with €60,000.00.

The Company also sponsored the €2,500.00 Bronze Award in the 20th Congress of the Engineers Association, “Engineering 2020 - A Strategy for Portugal”, held in Porto’s old Customs House, as well as the workshop entitled “Characterisation of the dynamic behaviour of structures and seismic rehabilitation”, held in the Universidade Nova de Lisboa’s Faculty of Science and Technology. These initiatives reinforced the image and renown of EP in this area.

8. Sustainability

8.1. Environment

The company's assumption of its environmental responsibility is patent in its strategy. The practices instituted show that the company acts in an integrated fashion, from the project to construction, operation and management, contributing not only to the sustainability of the road network but also to the sustainable development of the regions crossed by its roads.

EP's environmental sustainability indicators show its level of commitment. The management tools used permit to minimise the risks to the environment viewing an effective, efficient and balanced environmental management.
With a view to continuous improvement and focusing on the integrated management of the network in operation, the company applies the eco-design concept to road conservation, engineering structure rehabilitation, and road safety projects. To this end, the projects developed promote the reuse and recycling of the raw materials and environmental protection options are conciliated with other needs of network interventions.

It should be stressed that the environmental activities developed in 2014 in projects and works were conducted in line with environmental best practices. The results of an increasingly large number of projects and works show the optimisation of the environmental investment.

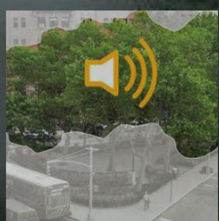
(No.)

Main Results in 2014

190 - Environmental survey projects
236 - Works involving environmental management and cultural heritage
€7.6m - Investment in environmental works
€0.4 thousand - Environmental fines and penalties

1,084 km travelled - Road vegetation management

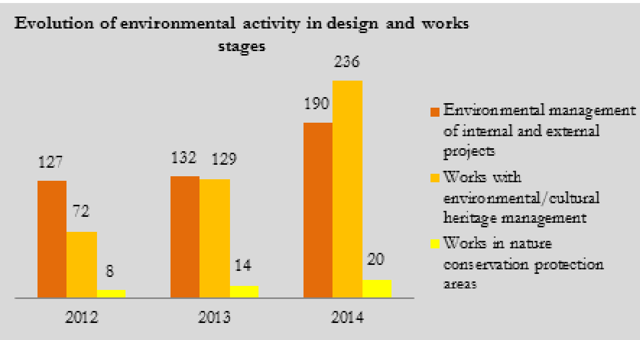
2,912 - Records of animal run-overs

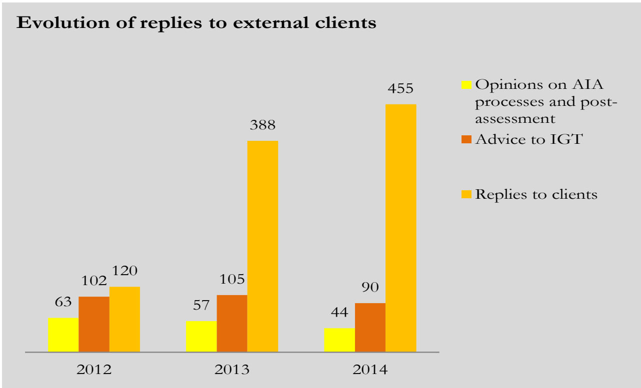


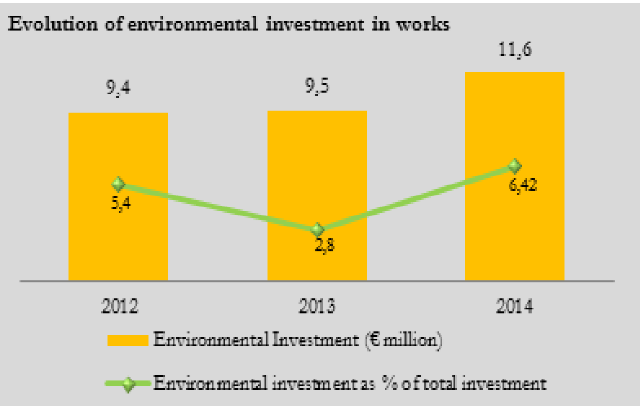
252 km - Noise action plans

ENVIRONMENT

Active contribution to the preservation of the environment and biodiversity, orienting the company's growth towards more eco-efficient results







The company also took part in processes involving spatial management instruments and environmental impact assessment and post-assessment tools, not only due to the importance of its contribution to spatial planning and management but also to be able to respond to its clients in environmental matters.

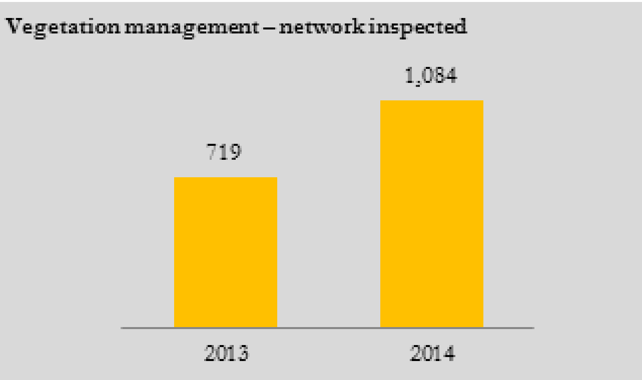
(No.)

In the framework of a consolidated road network, the environmental management activities in the operation and maintenance of the network included not only the management of road trees and planting, but also monitoring noise and fauna. The results were systematised in the MIS, thus permitting to improve the service provided.

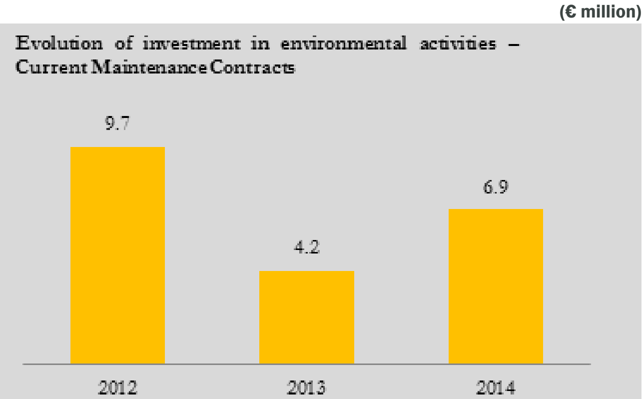
Viewing compliance with the provisions of the concession contract, as well as with environmental sustainability targets, the company submitted to the Regulator (Instituto da Mobilidade e Transportes - IMT) a new proposal of environmental indicators relative to noise, air quality, water resources and fauna. This proposal was included in a Diagnosis Report containing the results of indicators monitored since 2008 and their critical analysis, taking into account the legislation in force on this matter and the knowledge obtained by EP through its own work and through benchmarking. This analysis was used as a basis to review the targets, methodologies and indicators for 2015 and a further period not yet defined. The IMT considered that it was important to have a document providing technical justification for the options taken. This will take a form of a Manual, to be issued in 2015 and regularly reviewed.

In the context of the management of environmental activities, the Multi-Annual Maintenance Contracts 2010-2013 were transferred to 2013-2016, maintaining the same concerns with the roads' landscape framing, bearing in mind road safety, as well as with fire prevention and the protection of the forest against fire. In particular, we stress the large extension of road inspected by company experts, which led to proposals for tree pruning, felling and plantation viewing the preservation and enhancement of the company's flora assets.

(km)



(€ million)



Based on its knowledge of the road vegetation, namely of its potential as a natural resource, in 2014 the Company started a systematic inventory of these resources to identify species susceptible of being commercially explored and plan annual sales. In addition to the increase in revenues, there are also the savings permitted by works that cease to be executed under the Current Maintenance Contracts and start being made by third parties.

8.2. Human Capital

In 2014, a year when its organisational climate indicator improved, the Company pursued its policies aimed at increasing organisational efficiency, balancing and aligning business priorities with stakeholder priorities, and the optimisation of processes with human capital development.

It was thus possible to accommodate a workforce reduction of 5.6%, mainly resulting from the continued implementation of the Staff Streamlining Plan (Plano Social de Racionalização de Quadros - PSRQ), under which 30 employees terminated their contract by mutual agreement, and also the termination of the fixed-term contracts of another 28 employees. In a very restrictive context, in line with the nature of the public policies, staff costs were reduced by 4%, while the employees regained some of their income due to a change of rules on the reduction of remunerations and holiday allowances.

Staff Costs

(€ million)

Total Costs	2012		2013		2014	
Workforce	33.5	91%	34.7	91.3%	33.3	95.4%
Redundancy Payments (staff streamlining plan, "PSQR")	2.7	7%	2.7	7.2%	1.2	3.3%
Retired employees	0.8	2%	0.6	1.5%	0.5	1.3%
Total	**37.0**	**100%**	**38.0**	**100%**	**35.0**	**100%**

(€ million)

Total Costs	2012	2013	2014
Average Cost (workforce)	30.8	34.4	33.6

The increase in variable costs was driven by the increase in proximity activities and international projects.

(€ million)

Encargos Totais	2012	2013	2014
Allowances	329.1	326	337.7
Travel and accommodation expenses	141.7	114.3	144.3

More information on the company's sustainability, at economic, social and environmental level, may be found in EP's 2014 Sustainability Report.

9.. RISK MANAGEMENT POLICY

The implementation of the Risk Management process started in February 2014, with the identification of risks, and ended in December of the same year, as planned, with the definition of action plans. As from 2015 it will be run as a repetitive process involving the review of risks and the monitoring of action plans.

The Risk Management Policy and the Risk and Compliance Management Process, known as S 38 – Management of Risk and Compliance, were also defined and approved in 2014.

The ultimate goal of risk management is to create and preserve value. The Company's current risk management policy aims to establish a set of practices permitting to identify, analyse, assess, process, review, monitor and report the main risks to which it is exposed. From all the risks liable of affecting EP's activity, a set of more important ones were identified that encompass all the others to which the organisation is subject.

The methodology applied is in accordance with the provisions of the NP ISO 31000:2012 Standard.

The application of the risk management process throughout the year permitted to identify 277 risks throughout the various divisions that make up the company's macro-structure.

The table below shows a breakdown of the risks identified in 2014, by level of severity.

Risk Level	No. of Risks	(%)
Low	81	29
Moderate	128	46
High	66	24
Very High	2	1
Total	277	100

It was found out that 71% of the risks identified (moderate, high and very high) require treatment measures (meanwhile approved). This will be done in 2015 through the implementation of 196 action plans across the entire organisation.

These plans will contain a record of all the relevant information, including the associated documents, cost of treatment, start and end date of implementation, and all other information considered essential for monitoring and control.

9.1. Relevant Risks

Relevant Risks are deemed as the Set of Risks (in which all other are included) that were defined based on the company's activity and which could have greater impact on its strategy.

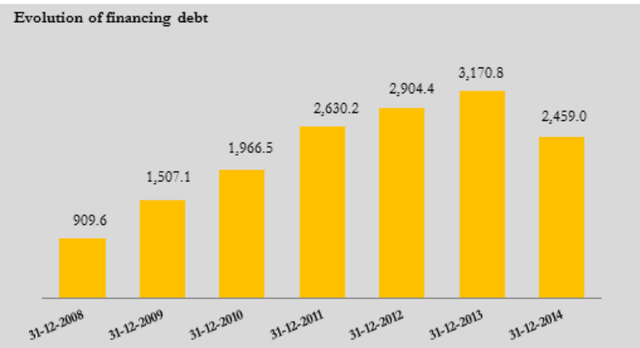
Risk of Regulation and Compliance

Risk that results from the occurrence of events that impact the company's strategic objectives, namely breaches or non-compliance with laws, regulations, contracts, codes of conduct, instituted practices or ethical principles.

Financial Risk

EP's activity is exposed to a variety of financial risk factors, including changes in market prices, liquidity risk and risks of cash flows associated to the interest rate.
Financial risk management is controlled by the Financial Division in accordance with the guidelines provided by EP's supervising ministry and the policies approved by the Board of Directors.
The Company's indebtedness dates back from 2005, its funding having evolved as follows:

(€ million)



During 2014 EP's net debt, excluding accruals, was reduced by €712m through the conversion of shareholder loans into equity. New funding needs were also met through capital increases.

EP has no assets or liabilities in currencies other than the Euro and therefore its activity is not exposed to currency risk.

Liquidity Risk

Managing liquidity risk implies maintaining an adequate level of cash and cash equivalents in order to meet the responsibilities assumed and seek to match asset and liability maturities.

From 2005 to 2007 EP's bank debt consisted of short-term credit lines, namely bank overdrafts and current accounts. As from 2008 some of these facilities were converted into commercial paper programmes and new credit lines were negotiated.

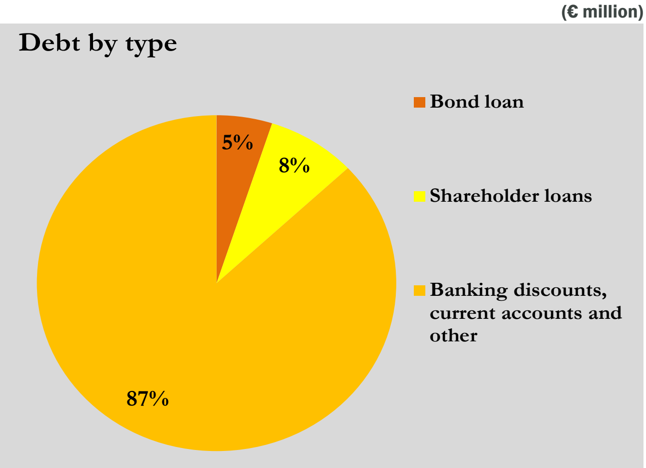
At the end of 2009 EP extended the maturity of its debt by contracting a 20-year loan from the European Investment Bank. By mid-July 2010 the Company reinforced the long-term component of its debt, issuing a €125m bond loan, also with the maturity of 20 years. This permitted to diversify both lenders and financing instruments. Since 2011 EP has been receiving loans from its shareholder, which at the end of 2013 totalled €2,877 thousand and represented approximately 90% of its debt. In 2014 EP changed its funding strategy from shareholder loans to capital increases: the reimbursements of shareholder loans were thus converted into equity, reducing the amount of these loans to €2,221m.

€712m

Net debt reduction excluding specializations, by converting shareholder loans

Maturity breakdown of the debt at 31 December 2014:

(€ million)



(€ million)

31/12/2014	Current	Non current		Total
	Up to 1 year	From 2 to 5 years	More than 5 years	
Financing obtained	25,775	99,522	354,681	479,978
Shareholder loans	818,068	1,395,821	119,158	2,333,046
Total	**843,843**	**1,495,343**	**473,839**	**2,813,024**

(m€)

31/12/2013	Current	Non current		Total
	Up to 1 year	From 2 to 5 years	More than 5 years	
Financing obtained	19,978	100,693	379,122	499,793
Shareholder loans	728,505	2,092,008	241,039	3,061,551
Total	**748,483**	**2,192,701**	**620,161**	**3,561,344**

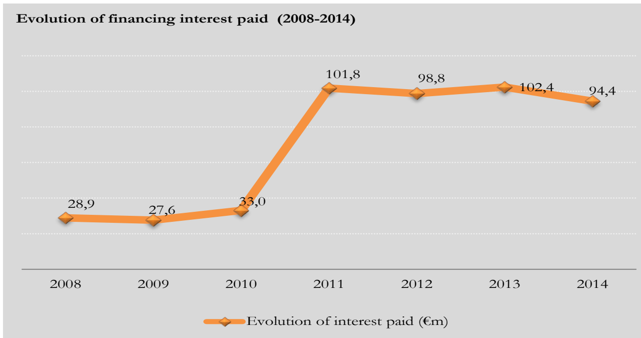
The figures in the above tables correspond to the amounts payable on financings and shareholder loans contracted and disbursed, including the estimated interest on the same.

The remaining relevant financial outflows concern payments of Concession and Sub-Concession Contracts and are shown in note 33 by their annual value up to 2050, this period comprising the entire life of the current contracts.

Interest Rate Risk

Interest paid and risk hedging instruments

The table below shows the amount of interest on loans paid between 2008 and 2014:



In 2010 EP contracted an interest rate swap maturing on 15 July 2030 with the underlying amount of €125m, to minimise its exposure to interest rate and interest rate changes. This swap was measured at fair value and it was liquidated in advance in June 2013. EP had no outstanding swap as at 31 December 2014.

(€ million)

31/12/2014	Variable rate	Fixed rate	Total
Financing obtained	-	319,133	319,133
Shareholder loans	-	2,215,578	2,215,578
Total	**-**	**2,534,711**	**2,534,711**

(€ million)

31/12/2013	Variable rate	Fixed rate	Total
Financing obtained	-	326,493	326,493
Shareholder loans	-	2,861,978	2,861,978
Total	**-**	**3,188,471**	**3,188,471**

Given the nature of the assets financed and the type of financing that has been available to EP, all financings as at 31 December 2014 carried fixed interest rates and therefore the Company's exposure to interest rate risk is currently very limited.

Credit Risk
Credit risk essentially derives from the possibility of a counterparty failing to meet its contractual obligations. EP's revenues mainly originate in the Road Service Contribution (RSC), which is charged by and delivered to EP by the Tax and Customs Authority ("AT"), and in toll revenues, where the customer base is diversified and the amount of each transaction is small. EP therefore does not incur in significant credit risk.
During 2014 EP met the provisions of Article 17 of Law no. 12-A/2010, of 30 June in what concerns the Principle of Unity of the State Treasury, according to which "(...) entities included in the State Business Sector (...) shall maintain their cash and financial placements with IGCP, I.P. (...). Therefore the Company considers that its deposits are not exposed to significant credit risk.

Operational Risk
Operational risk derives from the possible occurrence of events impacting the attainment of the Company's strategic objectives as a result of the inadequacy or deficiency of internal procedures, infrastructures, human capital and outsourced services.

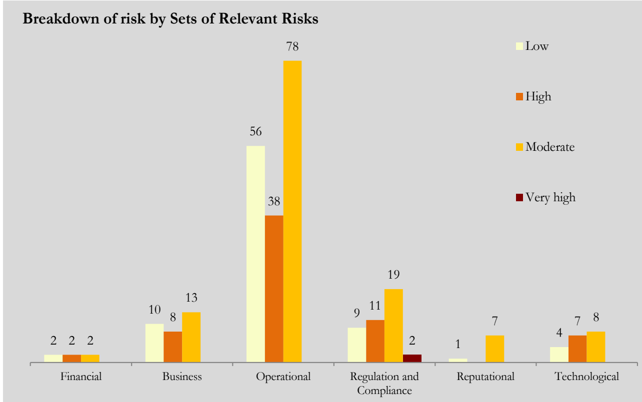
Technological Risk
This risk derives from the possible occurrence of events impacting the attainment of the Company's strategic objectives as a result of failures in critical infrastructures, the security of information (non authorised or inappropriate accesses), the integrity of the system (incomplete, inconsistent or incorrect information) and in flexibility (complex and inflexible systems).

Reputational Risk
This risk derives from the possible occurrence of events impacting the attainment of the Company's strategic objectives as a result of a negative perception of the institution's public image, justified or not, on the part of shareholders, clients, suppliers, employees, the press, the public opinion in general and other stakeholders.

Business Risk
Business risk derives from the possible occurrence of events impacting the attainment of the Company's strategic objectives as a result of inadequate planning, design, execution, monitoring and control in the core areas contributing to the Company's business.

9.2. Distribution of Relevant Risks

The Risk Management process associates all the risks identified within the Set of Relevant Risks and classifies them as shown in the table below:



9.3. Capital Management

EP's objective relating to the management of capital is a broader concept than the capital disclosed on the face of the statement of financial position. In this phase of investment of EP's concession contract, in which the debt has increased every year, such increase was met, and should continue to be met, through regular capital increases.

During 2014 EP's funding needs were met through capital increases, and the scheduled reimbursements of shareholder loans were settled through the conversion into equity not only of the amount of the reimbursements but also of the interest due on the respective payment date.

Both EP's Budget and the State Budget for 2015 provide for several capital increases to take place in 2015 in order to cover the Company's large funding needs as a result of its high level of investment.

10. COMPLIANCE

A full assessment has been made of the relevant legislation for the company's activity, from which emanate most of its duties of disclosure and obligations.

This permitted to select a group of duties of disclosure and obligations which the company should monitor during the year, checking compliance therewith with the relevant organic units.

During the year all newly published legislation was daily forwarded to the areas of the company for which it may be of interest.

11. SUBSEQUENT EVENTS

Board of Directors

A new Board of Directors of REFER has been appointed by Council of Ministers Resolution, with EP's Board of Directors being approved by unanimous written resolution of its General Meeting. A joint Board of Directors of Estradas de Portugal and REFER has therefore been nominated.

Both resolutions take effect on 1 January 2015. The holding of positions in both companies does not entitle the holders to cumulative remunerations.

Following the approval on 3 April 2014 of the Strategic Infrastructures and Transport Plan (PETI3+), which among other matters, stipulates the creation of a single company to manage transport infrastructures in Portugal, a joint Board of Directors has been appointed, with the following composition:
Mr. António Ramalho was appointed Chairman of the joint Board of Directors of the two companies.

Mr. José Ribeiro dos Santos was appointed Vice-Chairman of REFER and Mr. José Serrano Gordo Vice-Chairman of Estradas de Portugal.

Ms. Vanda Nogueira, Mr. Alberto Diogo, Mr. José Carlos Osório and Mr. Adriano Rafael Moreira were appointed members of the Board of Directors.

Change in EP's By-laws

By unanimous written corporate resolution of 31 December 2014, with effect from 1 January 2015, Article 10 (1) of EP's By-laws, published as an attachment to Decree-Law no. 374/2007, of 7 November, was amended and now reads as follows: "The Board of Directors is composed of one Chairman, one Vice-Chairman and three to five members, as decided by the General Meeting, which elects its members".

Capital Increase

By unanimous written corporate resolution of 23 January 2015 the share capital of EP was increased by €306,275,000 through the issuance of 61,255 new registered shares in the amount of €5,000 each, partially subscribed and paid up by the State on 30 January 2015 (€54,470,000). The remaining amount was paid up in February 2015.

National Road Network Statute

Law no. 275/XII, which approves the New National Road Network Statute, was published in the Journal of the Assembly of the Republic (Diário da Assembleia da República), II series A, no. 57/XII/4 2015.01.09.

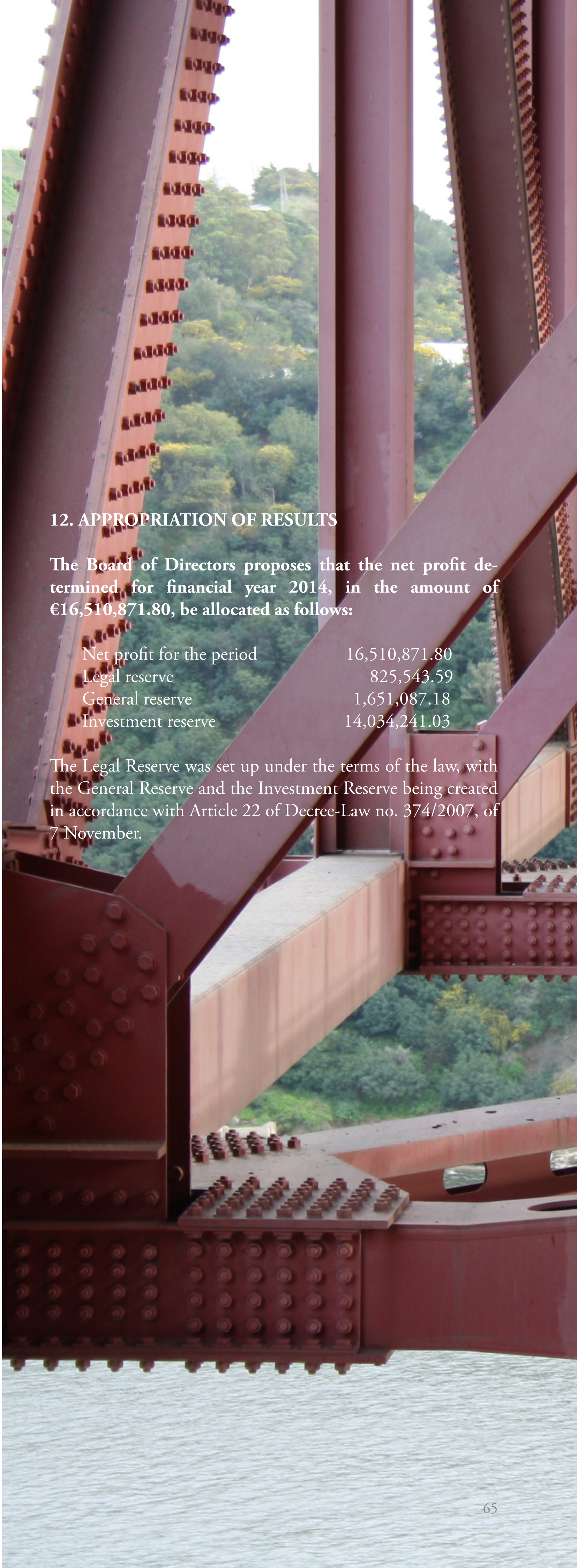
Government approves merger of EP and REFER, creating a new company called “Infraestruturas de Portugal”

In a press release dated 9 April 2015 the Council of Ministers announced the approval of the “law enacting the merger, by incorporation, of EP - Estradas de Portugal, S.A., into REFER - Rede Ferroviária Nacional, E.P.E., resulting in a new company called Infraestruturas de Portugal, SA (IP, S.A.).”

New bases of the Interior Norte, Beira Litoral e Alta, Costa de Prata, Norte, Grande Lisboa and Grande Porto Road Concessions

The Council of Ministers of 9 April 2014 also approved the new bases of the Interior Norte, Beira Litoral e Alta, Costa de Prata, Norte, Grande Lisboa and Grande Porto Road Concessions as an integral part of the renegotiation of the road infrastructure public-private partnerships.

As disclosed in points 6.7 Sub-Concessions and 6.8 Renegotiation of the Public-Private Partnerships, of the Management Report, the cost savings stipulated for the Concessions and Sub-Concessions under the memoranda of understanding signed and through the Negotiation Committees appointed by the UTAP (the technical support unit for PPP projects), were implemented by the Board of Directors of EP until 2014 and have already impacted the Financial Statements of EP – Estradas de Portugal, SA for the financial year ended 31 December 2014.



12. APPROPRIATION OF RESULTS

The Board of Directors proposes that the net profit determined for financial year 2014, in the amount of €16,510,871.80, be allocated as follows:

Net profit for the period	16,510,871.80
Legal reserve	825,543.59
General reserve	1,651,087.18
Investment reserve	14,034,241.03

The Legal Reserve was set up under the terms of the law, with the General Reserve and the Investment Reserve being created in accordance with Article 22 of Decree-Law no. 374/2007, of 7 November.

13. COMPLIANCE WITH LEGAL GUIDELINES

13.1. Management Objectives:

As provided for in Article 38 of Decree-Law no. 133/2013, of 3 October, the management objectives for 2014 were established in accordance with the company's strategic objectives. These objectives are summarised in the table below.

Indicator	Unit	2014 Target	Real Value	Deviation (%)
Operating Costs (Cash)	€ million	227	165	-27
Free Cash Flow	€ million	-890	-729	-18
Total Income (cash)	€ million	805	799	-1
Income from ancillary services	€ million	8.9	7.9	-11
Road Safety Index	No.	118	n.a.	n.a.

n.a.: non available - pending publication of official road safety indicators by the ANSR (the National Road Safety Authority).

13.2. Financial Risk Management and Limits on Indebtedness

Management of financial risk and compliance on the maximum limit on further indebtedness, defined for 2014 in Law no. 83-C/2013, of 31 December, calculated under the terms of the circular of instructions for preparation of the IPG - 2014:

Indicador	2010	2011	2012	2013	2014
Financial Expenses (€)	49,550,000	106,198,291	118,183,270	96,408,263	87,601,424
Average Financing Rate (%)	3.0	4.9	4.0	2.9	3.5

Interest-Bearing Liabilities (€)	2013	2014	Change (value)	Change (%)
Financing obtained	3,173,848	2,534,711	-639,137	-20%
... of which granted by the DGTF	2,861,978	2,871,917	9,939	0%
Capital increases through allocation	8,990	793,210	784,220	8,723%
Capital increases through conversion of credits	0	728,385	728,385	-
Adjusted indebtedness	3,182,838	4,056,306	873,468	27%

13.3. Average Payment Period and Arrears of Payment

Evolution of the average payment period to suppliers, in accordance with Council of Ministers Resolution no. 34/2008, of 22 February, as amended by Order no. 9870/2009, of 13 April, disclosure of the evolution of arrears, as defined in Decree-Law no. 65-A/2011, of 17 May, and the strategy adopted to reduce them:

APP	2013	2014	Change (%) 2014/2013
Period (days)	20	22	10%

Overdue debts (€)		Overdue debts in accordance with Article 1 of DL 65-A/2011			
	0-90 days	90-120 days	120-240 days	240-360 days	>360 days
Acquis. goods & services	1,870,663.11	0.00	0.00	0.00	0.00
Acq. of capital goods	5,904,243.16	0.00	0.00	0.00	0.00
Total	**7,774,906.28**	**0.00**	**0.00**	**0.00**	**0.00**

13.4. Shareholder Recommendations

The Shareholder issued no recommendations at the time of the approval of the 2014 accounts.

13.5. Remuneration

Board of the General Meeting

Mandate	Position	Name	Value of attendance fee (€)	Annual Remuneration (€)		
				Gross (1)	Remuneration reductions (2)	After reductions (3)=(1)-(2)
2012-2014	Chairman	Paulo Manuel Marques Fernandes	575.00	1,150.00	115.00	1,035.00
2012-2014	Vice-Chairman	Paulo Miguel Garcês Ventura (*)	470.00	-	-	-
2012-2014	Secretary	Maria Fernanda Joanaz da Silva Martins (*)	299.50	-	-	-

(*) There were no payments during 2014.

(1) Attendance fee.

(2) Before remuneration reductions.

Board of Directors

Mandate	Position	Name	Appointment		OPRLO (option for remuneration of place of origin)	
			Form	Date	Entity	Paid by (O/D)
2012-2014	Chairman	António Manuel Palma Ramalho	UWR	17/07/2012	n.a.	D
2012-2014	Vice-Chairman	José Serrano Gordo	UWR	17/07/2012	n.a.	D
2012-2014	Member	Vanda Cristina Loureiro Soares Nogueira	UWR	17/07/2012	n.a.	D
2012-2014	Member	João Albino Correia Grade	UWR	17/07/2012	n.a.	D

Note: OPRLO – option for remuneration of place of origin; O/D: Origin/Destination.

Name	Accumulation of functions - annual amounts (€)		
	Entity	Function	Regime
António Manuel Palma Ramalho	n.a		
José Serrano Gordo	n.a		
Vanda Cristina Loureiro Soares Nogueira	n.a		
João Albino Correia Grade	n.a		

Name	EGP (Public Manager Statute)			
	Fixed	Classification	Gross monthly amount (€)	
			Base remuneration	Representation expenses
António Manuel Palma Ramalho	S	B	4,864.34	1,945.74
José Serrano Gordo	S	B	4,377.90	1,751.16
Vanda Cristina Loureiro Soares Nogueira	S	B	3,891.47	1,556.59
João Albino Correia Grade	S	B	3,891.47	1,556.59

Name	Annual Remuneration (€)						
	Variable	Fixed (**)	Other (***)	Reduction Law no. 12-A/2010	O. remuneration reductions	Previous years reduction (*)	Gross after Remuneration Reductions
António Manuel Palma Ramalho	-	91,449.59	-	4,572.48	6,580.48	-	80,296.63
José Serrano Gordo	-	82,304.52	-	4,115.23	5,922.30	-	72,267.00
Vanda Cristina Loureiro Soares Nogueira	-	73,159.64	-	3,657.98	5,255.95	-	64,245.70
João Albino Correia Grade	-	16,052.31	3,450.44	771.81	1,730.15	-	17,000.80

Note: Reduction of previous years: remunerations settled in the reporting year but referring to previous years.

(*) Indicate the reasons for this procedure.

(**) Include remuneration + representation expenses

(***) Due holidays (year and following year).

Nome	Annual Remuneration (€)					
	Variable	Fixed (**)	Other (***)	Gross (1)	Remuneration reductions (*)(2)	After reductions (3)=(1)-(2)
António Manuel Palma Ramalho	-	91,449.59	-	91,449.59	11,152.96	80,296.63
José Serrano Gordo	-	82,304.52	-	82,304.52	10,037.52	72,267.00
Vanda Cristina Loureiro Soares Nogueira	-	73,159.64	-	73,159.64	8,913.93	64,245.70
João Albino Correia Grade	-	16,052.31	3,450.44	19,502.75	2,501.96	17,000.80

Note: Reduction of previous years: remunerations settled in the reporting year but referring to previous years.

(*) Indicate the reasons for this procedure.

(**) Include remuneration + representation expenses (without reductions)

(***) Due holidays (year and following year).

Name	Social benefits (€)								
	Meal allowance		Social security scheme		Health insurance	Life insurance	Personal accidents insurance	Other	
	Amount/ day	Amount paid in the year	Identify	Value				Identify	Value
António Manuel Palma Ramalho	-		Social Security	19,168.07	-	-	-	Occupational insurance	442.64
José Serrano Gordo	-		Social Security	17,251.35	-	-	-	Occupational insurance	398.37
Vanda Cristina Loureiro Soares Nogueira	-		Social Security	15,336.20	-	-	-	Occupational insurance	354.15
João Albino Correia Grade	-		Social Security	4,037.70	-	-	-	Occupational insurance	93.72

Name	Mobile communications expenses (€)		
	Monthly ceiling attributed	Annual amount	Remarks
António Manuel Palma Ramalho	80.00	852.07	
José Serrano Gordo	80.00	582.57	
Vanda Cristina Loureiro Soares Nogueira	80.00	480.35	
João Albino Correia Grade	80.00	147.55	

Name	Expenses with vehicles (€, incl. VAT)								
	Vehicle attributed (Y/N)	Contract (Y/N)	Vehicle reference value	Method	Start year	End year	No. of remaining contract instalments	Lease expense	Annual lease amount
António Manuel Palma Ramalho	Y	Y	36,967.40	Leasing	2014	2017	31	652.60	6,525.90
José Serrano Gordo	Y	Y	37,647.20	Leasing	2013	2017	31	667.40	8,008.70
Vanda Cristina Loureiro Soares Nogueira	Y	Y	38,234.90	Leasing	2013	2017	31	686.10	8,233.70
João Albino Correia Grade	Y	Y	36,967.40	Leasing	2013	2014	0	652.60	1,305.20

Name		Annual expenses with vehicles (€)				
	Monthly ceiling allocated for fuel	Fuel	Tolls	Other Repairs	Insurance	Remarks
António Manuel Palma Ramalho	415.90	4,037.00 EP cost 4,453.40 incl. VAT 3,620.60 excl. VAT	Exempt	135.30	Included in monthly leasing rent	
José Serrano Gordo	374.30	2,818.80 EP cost 3,109.50 with VAT €2,528.0 excl. VAT	Exempt	0.00	Included in monthly leasing rent	
Vanda Cristina Loureiro Soares Nogueira	332.70	2,606.90 EP cost 2,875.90 incl. VAT 2,338.10 excl. VAT	Exempt	804.09	Included in monthly leasing rent	
João Albino Correia Grade	332.70	801.15 EP cost 883.78 incl. VAT 718.52 excl. VAT	Exempt	0.00	Included in monthly leasing rent	

Name	Annual expenses with travel on company business (€)					
	Travel on company business	Accommodation costs	Subsistence allowances	Other		Total travel expenses
				Identify	Value	
António Manuel Palma Ramalho	1,114.60	162.10	-	-	-	1,276.70
José Serrano Gordo	-	58.00	-	-	-	58.00
Vanda Cristina Loureiro Soares Nogueira	-	-	-	-	-	-
João Albino Correia Grade	-	-	-	-	-	-

Supervision

Supervisory Board

Mandate	Position	Name	Appointment		Monthly fixed remuneration statute (€)
			Form	Date	
2012-2014	Chairman	Graça Maria Valente Nunes Montalvão Fernandes (*)	UWR	17/07/2012	1,362.01
2012-2014	Chairman	Elsa Maria Roncon Santos	General Meeting	25/07/2014	1,362.01
2012-2013	Member	William Hall Woolston	UWR	17/07/2012	969.50
2013-2014	Member	Bernardo Xavier Alabaça	UWR	31/10/2013	969.50

(*) Renounced his position as member of the Supervisory Board with effects on 01 May 2014.

Name	Annual Remuneration (€)		
	Gross (1)	Remuneration reduction (2)	After reductions (3)=(1)-(2)
Graça Maria Valente Nunes Montalvão Fernandes (*)	7,264.05	708.24	6,555.81
Elsa Maria Roncon Santos	7,672.65	531.18	7,141.47
William Hall Woolston	13,573.00	1,008.28	12,564.72
Bernardo Xavier Alabaça (**)	15,722.70	1,278.67	14,444.03

(*) Renounced his position as member of the Supervisory Board with effects on 01 May 2014.

(**) The remunerations corresponding to the period between 31 October and 31 December 2013 were processed in 2014.

Statutory Auditor

Mandate	Position	Statutory Auditor identification		Appointment		No. of mandates completed in the company
		Name	Number	Form	Date	
2012-2014	Statutory Auditor	Esteves, Pinho & Associados, SROC, Lda.	192	UWR	27/01/2013	3
2012-2014	Deputy Statutory Auditor	Luís Manuel Moura Esteves	944	UWR	27/01/2013	3

Note: In 2014 were processed remuneration corresponding to the period between October 31 and December 31, 2013.

Name	Annual Remuneration (€)		
	Gross (1)	Remuneration reductions (2)	After reductions (3)=(1)-(2)
Esteves, Pinho & Associados, SROC, Lda.	21,451.80	1,716.13	19,735.67

Note: There are discrepancies under review relating to the remuneration of the Statutory Auditor, namely between the invoices issued by Sociedade de Revisores Oficiais de Contas and the amount paid by EP. The amounts disclosed are the amounts paid.

External Auditors

External Auditor identification			Contract date		Annual Remuneration (€)		
Nome	Register no. with the OROC (Statutory Auditors Institute)	Register no. with the CMVM (Securities and Exchange Commission)	Date	Period	Value of contracted service provision	Remuneration reductions	After reductions
PriceWaterHouseCoopers & Associados SOC de Revisores Oficiais de Contas, Lda.	183	9077	23/09/2013	2013 and 2014.	99,600.00 (€49,800.00/year)	i)	99,600.00 (€49,800.00/year)

i) The value of the previous contract (2010-2012 mandate) was €192,500, which represents an annual cost of €64,166.67. The current annual value thus represents a reduction of more than 20% over the previous contract's annual value.

Remaining Employees

In 2014 the remuneration policy remained conditioned by the restraints imposed on the state business sector. However, due to changes in the rules on remuneration reductions, the staff recovered some of the income lost in previous years. Even so, the company's staff costs dropped by around 4%.

Up to 31 May 2014 the employees' remunerations were subject to the reductions stipulated in Article 33 of Law no. 83-C/2013, of 31 December. After the rule on remuneration reductions was declared unconstitutional, no reductions were made between June and 12 September 2014, the date of publication of Law no. 75/2014, which establishes mechanisms for temporary remuneration reductions. With effects as from 13 September, the company applied to the total gross remunerations of its employees above €1,500 the reduction foreseen in Article 2 of Law no. 75/2014, of 12 September.

The increase in costs resulting from the change of rules on remuneration reductions was in part offset by the decrease in variable costs - irregular remunerations, namely for overtime work and housing and shift subsidies - and by the impact of absenteeism.

Furthermore, the reduction in staff costs was also driven by a 5.6%, contraction in the workforce, mainly resulting from the continued implementation of the Staff Streamlining Plan, under which 30 employees terminated their contract by mutual agreement, and also from the departure of another 28 employees on fixed-term contracts that reached their term.

13.6. Application of Article 32 of the Public Manager Statute

Pursuant to numbers 1 and 2 of article 32 of the Public Manager Statute, the members of EP's Board of Directors do not use credit cards or other payment instruments to pay expenditure incurred at the service of the company, nor are they entitled to the reimbursement of any expenditure incurred within the scope of the personal representation expenses.

13.7. Public Procurement

As it has always been its practice, in 2014 EP also acted in accordance with all the rules on public procurement laid down in the Public Procurement Code.

EP has also established an internal procedure called PS.14 Public Procurement, which ensures that the process of procuring works, goods and services by all its organic units is carried out in accordance with the legal and technical rules in force.

In 2014 EP did not enter any service provision agreement for an amount equal to or higher than €5m.

13.8. National Public Procurement System

Though not obliged to follow the National Public Procurement System ("SNCP"), EP voluntarily applies it, having in 2012 contracted two Vigilance and Safety service provisions and one vehicle leasing through eSPap Framework Agreements.

In the future, and whenever the intended object of procurement is included within the available framework agreements, EP will favour this option, providing it is the best for the company's interests and it expedites the contracting process.

13.9. State's Motor Vehicle Fleet

Given its nature, EP falls outside the scope of the regulations for the so called State's Motor Vehicle Fleet.

13.10. Operating Costs Streamlining Measures

Cost Cutting Plan	Target	2014 Exec.	2013 Exec.	2012 Exec.	2011 Exec.	2010 Exec.	Change (value)	Chan-ge %	Change (value)	Change %
							2014/2013		2014/2010	
EBITDA		538.7	554.0	577.4	592.8	428.7	-15.3	-3	110.0	26
(1) CGSMC (€ million)		255.4	388.6	908.2	1,264.9	971.8	-133.1	-34	-716.3	-74
(2) Supplies and Services of Toll Collection, RSC, regular maint. and O&M subconc. (€ million)		55.4	65.8	62.4	64.4	72.3	-10.4	-16	-16.9	-23
Travel/accommodation expenses (€ million)	In line with 2013	0.1	0.1	0.1	0.2	0.3	0.0	26	-0.1	-48
Subsistence allowances expenses (€ million)	In line with 2013	0.3	0.3	0.3	0.5	0.8	0.0	4	-0.5	-60
Communications expenses (€ million)	In line with 2013	0.5	0.6	0.6	0.7	0.8	0.0	-7	-0.3	-34
(3) Staff costs (€ million)		33.3	34.7	33.5	33.5	38.7	-1.4	-4	-5.4	-14
(3.1) of which compensations	n.a.									
Total (€ million) (4)=(1)+(2)+((3)-(3.1))		**344.2**	**489.1**	**1,004.1**	**1,362.9**	**1,082.8**	**-144.9**	**-30**	**-738.6**	**-68**
(5) Turnover (€ million)		941.4	1,100.0	1,673.1	2,045.7	1,629.6	-158.6	-14	-688.2	-42
Expenditure/Turnover (%) (4)/(5)		**37**	**44**	**60**	**67**	**66**	**-7**	**-16**	**-29**	**-44**
Headcount (includes BD members)	-3% vs. 2012	1,025	1,087	1,174	1,165	n.a.	-62	-6	n.a.	n.a.
Permanent staff (no.)		1,022	1,083	1,170	1,162	n.a.	-61	-6	n.a.	n.a.
No. management positions		107	105	108	112	n.a.	2	2	n.a.	n.a.
No. of vehicles		347	382	n.a.	n.a.	n.a.	-35	-9	n.a.	n.a.
Expenses with vehicles (€ million)		2,994	3,252	n.a.	n.a.	n.a.	-258	-8	n.a.	n.a.

13.11. Principle of Unity of the State Treasury

During 2004 EP complied with the provisions of number 7 of Article 123 of Law no. 83-C/2013, of 31 December concerning the Principle of Unity of the State Treasury, according to which: "Non-financial public companies shall, save if otherwise provided for in the law, keep their cash and financial investments with IGCP, E.P.E (Public Credit and Treasury Management Institute), and to this effect are subject to the State Treasury regime approved by Decree-Law no. 191/99, of 5 June, as amended by Laws no. 3-B/2000, of 4 April, and no. 107-B/2003, of 31 December".

13.12. Court of Auditors Recommendations

The Court of Auditors issued no recommendations to EP in 2014.

13.13. Information Available on the SEE website

Information Available on State Business Sector website	Disclosure			Remarks
	Y	N	N.A.	
By-laws	X			
Identification of the Company	X			
Tutelage and shareholder function	X			
Governance Model / Members of the Corporate Bodies				
- Identification of the corporate bodies	X			
- Fixed remuneration statute	X			
- Disclosure of the remunerations earned by the corporate bodies	X			
- Identification of the functions and duties of the members of the Board of Directors	X			
- Presentation of summary CVs of the members of the corporate bodies	X			
Level of Public Funding	X			
Summary fact file	X			
Historical and current financial information	X			
Principles of Good Corporate Governance				
- Internal and external regulations to which the company is subject	X			
- Relevant Transactions with Related Entities	X			
- Other transactions	X			
Analysis of the Company's sustainability in the following areas:				
- Economic	X			
- Social	X			
Environmental	X			
Assessment of compliance with the Principles of Good Corporate Governance	X			
Code of Ethics	X			

13.14. Summary Table of Compliance with Legal Guidelines

Compliance with Legal Guidelines	Compliance			Quantification / Identification	Justification / Reference to Point in the Report
	Y	N	N.A.		
Management objectives / Activity Plans and budget					
1- Financial sustainability					
Operating Costs (Cash)	x			€165m (-27% vs. target).	Objective surpassed. Reference in Point 3.2 of the Report.
Free Cash Flow	x			-729 (-18% vs. target).	Objective surpassed. Reference in Point 3.2 of the Report.
2- Develop new services					
Total Income (cash)		x		€799m (-1% vs. target).	Objective not surpassed. Justification in Point 3.2 of the Report.
Income from ancillary services		x		€8.9m (-11% vs. target).	Objective not surpassed. Justification in Point 3.2 of the Report.
3- Enhance the relationship with the stakeholders					
Road Safety Index			x	Target: 118. Result: non available	Result not possible to determine. Justification in Point 3.2. of the Report.
Financial Risk Management			x	3.45%	
Limits on the increase of indebtedness		x		€873m increase in adjusted indebtedness, 27% vs. 2013.	Indebtedness increase within the stipulations of EP's budget and the State Budget for 2013.
Evolution of Average Payment Period to Suppliers	x			Average period of 22 days.	There are no overdue debts to suppliers over 90 days.
Disclosure of arrears of payment	x				
Shareholder recommendations in the last approval of accounts			x		The shareholder made no recommendations.
Remuneration					
Non allocation of management bonuses under the terms of art. 41 of Law 83-C/2013	x				
Corporate Bodies - remuneration reductions in force in 2014	x			€23,130.26	
External Auditor - remuneration reduction under the terms of article 73 of Law no. 83-C/2013			x		The value of the previous contract (2010-2012 mandate) was €192,500, which represents an annual cost of €64,166.67. The current annual value thus represents a reduction of more than 20% over the previous contract's annual value.
Remaining employees - remuneration reductions in 2014	x			€1,286,430.87	
Remaining employees - prohibition of remuneration updates under the terms of Article 39 of Law no. 83-C/2013.	x				

Compliance with Legal Guidelines	Compliance			Quantification / Identification	Justification / Reference to Point in the Report
	Y	N	N.A.		
Article 32 of the PMS					
Use of credit cards	x				No credit cards are used.
Reimbursement of personal representation expenses.	x				There are no personal representation expenses.
Public Procurement					
Application by the company of the public procurement rules.	x				EP applies the Public Contract Code and remaining applicable legislation.
Application by the subsidiaries of the public procurement rules.			x		EP has no subsidiaries.
Contracts submitted to prior approval of the Court of Auditors					
Initial contracts	x			62 contracts / global amount €279.38m	
Additional contracts and/or recommendatory notes	x			1 contract / global amount €0.05m	
Audits by the Court of Auditors					
Recommendation			x		There were no recommendations issued by the Court of Auditors.
Car fleet			x		Given its nature, EP falls outside the scope of the regulations for the so called State's Motor Vehicle Fleet.
Operating expenditure of public companies (art. 61. of Law no. 83-C/2013)	x				Reduction of costs with construction and current maintenance.
Workforce reduction (art.º 60º of Law no. 83-C/2013)	x				
Number of employees (excludes Board of Directors)	x			-63 (-5.63%)	
No. of managerial positions	x			2 (1.9%)	
Principle of Treasury Unit (art.º 123.º of Law no. 83-C/2013)	x				
Cash pooled with the IGCP	x			On 31 December 2014 99.55% of the Company's cash assets were deposited with the IGCP.	
Interest earned through non-compliance with the PTU and delivered to the State	x			Interest earned in 2014 totalled €1,322.18 and was delivered to the State in February 2015.	

Almada, 9 April 2015

The Board of Directors,

14. INDIVIDUAL FINANCIAL STATEMENTS

Statement of Financial Position

thousand Euros (€ thousand)

		31 December	31 December
	Note	2014	2013
Assets			
Non current			
Tangible fixed assets	8	24,432	25,260
Investment properties		120	126
Intangible assets	9	19,197,040	18,725,396
Deferred tax assets	10	101,993	88,526
		19,323,586	**18,839,308**
Current			
Clients	11	40,570	36,004
Advances to suppliers	22	45,158	36,534
Assets for current tax	12	93	533
State and other public entities	12	848,045	682,722
Other accounts receivable	11	113,950	107,505
Deferrals	13	737	404
Non current assets held for sale		3	3
Cash and cash equivalents	14	75,746	17,715
		1,124,303	**881,419**
Total assets		**20,447,889**	**19,720,727**
Equity			
Capital and reserves attributable to shareholders			
Paid up share capital	15	1,994,585	472,990
Legal reserves	16	66,026	65,288
Other reserves	16	300,044	282,313
Retained earnings		133,877	137,582
		2,494,532	**958,173**
Net profit / (loss) for the period		16,511	14,764
Total equity		**2,511,043**	**972,937**
Liabilities			
Non current			
Provisions	18	858,676	830,453
Loans obtained	19	305,593	318,970
Shareholder loans	20	1,452,073	2,215,578
Deferred tax liabilities	10	-	3,705
Other accounts payable	21	3,248,943	3,276,886
Deferrals	13	10,589,418	10,644,729
		16,454,702	**17,290,321**
Current			
Trade creditors	22	17,174	25,703
Advances from customers		12,280	10,521
State and other public entities	12	1,993	2,015
Loans obtained	19	13,242	7,130
Shareholder loans	20	768,581	661,415
Other accounts payable	21	658,759	740,464
Deferrals	13	10,116	10,222
		1,482,144	**1,457,469**
Total Liabilities		**17,936,846**	**18,747,790**
Total shareholders' equity and liabilities		**20,447,889**	**19,720,727**

The notes on pages 80 to 125 form an integral part of the financial statements presented above.

The Statutory Accountant,

The Board of Directors,

Statement of Comprehensive Income

thousand Euros (€ thousand)

	Nota	31 December 2014	31 December 2013
Sales and services provided	23	941,354	1,100,003
Cost of goods sold and materials consumed	24	(255,438)	(388,584)
Supplies and Services	25	(157,841)	(163,113)
Maintenance, Repairs and Safety	25	(97,895)	(108,311)
Other current supplies and services	25	(59,946)	(54,802)
Staff costs	26	(33,289)	(34,691)
Impairment in Debts Receivable (losses/reversals)	11	299	(94)
Provisions (increases/reductions)	18	(17,474)	(24,247)
Other income and gains	27	64,731	68,107
Other costs and losses	28	(3,641)	(3,393)
Profit before depreciations, borrowing costs and taxes		538,701	553,988
Expenses/reversals of depreciation and amortisation	8, 9	(182,810)	(203,286)
		(182,810)	(203,286)
Operating results (before borrowing costs and taxes)		355,891	350,702
Interest and similar income	29	596	5,512
Interest and similar costs	29	(333,068)	(330,134)
Profit before tax		23,419	26,079
Income tax for the period	30	(6,908)	(11,315)
Net profit / (loss) for the year		16,511	14,764
Other income in the period		-	-
Comprehensive income		16,511	14,764

The notes on pages 80 to 125 form an integral part of the financial statements presented above.

The Statutory Accountant,

The Board of Directors,

Statement of Changes in Equity

thousand Euros (€ thousand)

	Note	Paid up share capital	Legal reserves	Other reserves	Retained earnings	Net profit / (loss) for the period	Total
At 1 January 2013		464,000	63,454	243,566	141,476	36,688	949,183
Changes in the period							
Appropriation of previous year's results		-	1,834	34,853	-	(36,688)	-
Transition of accounting standards		-	-	3,894	(3,894)	-	-
Comprehensive income in the period		-	-	-	-	14,764	14,764
		-	1,834	38,747	(3,894)	(21,924)	14,764
Transactions with shareholders in the period							
Additional paid-in capital		8,990	-	-	-	-	8,990
At 31 December 2013		472,990	65,288	282,313	137,582	14,764	972,937
Changes in the period							
Appropriation of previous year's results		-	738	14,026	-	(14,764)	-
Transition of accounting standards		-	-	3,705	(3,705)	-	-
Comprehensive income in the period		-	-	-	-	16,511	16,511
		-	738	17,731	(3,705)	1,747	16,511
Transactions with shareholders in the period							
Additional paid-in capital	15	1,521,595	-	-	-	-	1.521.595
At 31 December 2014		1,994,585	66,026	300,044	133,877	16,511	2,511,043

The notes on pages 80 to 125 form an integral part of the financial statements presented above.

The Statutory Accountant,

The Board of Directors,

Cash Flow Statement

thousand Euros (€ thousand)

		31 December	31 December
	Note	2014	2013
Cash flows from operating activities			
Receipts from clients		790,149	745,356
Payments to suppliers		(570,236)	(112,675)
Payments to staff		(34,758)	(38,509)
Cash generated from operations		185,155	594,172
Payments/receipts in respect of income tax		(23,638)	(31,187)
Other receipts/payments		(168,953)	(93,304)
Net cash flows from operating activities		(7,436)	469,681
Cash flows from investment activities			
Payments for:			
Tangible fixed assets		(1,270)	(586)
Intangible assets		(653,973)	(635,981)
Receipts from:			
Tangible fixed assets		1,352	736
Subsidies to investment		386	6,161
Net cash flows from investment activities		(653,506)	(629,670)
Cash flows from financing activities			
Receipts from			
Loans obtained		-	702,628
Capital payments and other equity instruments paid	15	793,210	8,990
Payments for:			
Loans obtained		(6,689)	(451,085)
Interest and similar costs		(66,878)	(105,652)
Other financing operations		-	(8,988)
Net cash flows from investment activities		719,643	145,893
Cash and equivalents at the beginning of the year	14	16,881	30,978
Cash and equivalents at the end of the year	14	75,583	16,881
Change in cash and cash equivalents		58,702	(14,096)

The notes on pages 80 to 125 form an integral part of the financial statements presented above.

The Statutory Accountant,

The Board of Directors,

15. NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

Amounts expressed in thousand Euros (€ thousand) save where otherwise expressly indicated. When necessary €m is used to indicate million Euros.

1. Introduction

EP – Estradas de Portugal, S.A. (hereinafter designated as "EP" or "company") is a state owned public limited company that resulted from the transformation of EP - Estradas de Portugal, E. P. E. in accordance with Decree-Law no. 374/2007, of 7 November.

The corporate object of EP is the financing, maintenance, exploration, rehabilitation and enlargement of the roads included in the National Road Network (NRN), and also the design, planning, construction, financing, maintenance, exploration, rehabilitation and enlargement of the roads included in the Future National Road Network.

EP is governed by Decree-Law no. 374/2007, of 7 November, as amended by Decree-Law no. 110/2009, of 18 May, by its by-laws, published as an attachment to said decree-law and forming an integral part thereof, by the legislation applicable to the public business sector and other public companies enshrined in Decree-Law no. 133/2013, of 3 October, by the Portuguese Company Code, by its internal regulations and also by any special rules that may apply to it.

Under the terms of number 1 of article 39 of Decree-Law no. 133/2013, of 3 October, the function of shareholder is exercised exclusively by the Minister of State and Finance, which has the authority to delegate, providing due coordination with the Minister of the Economy is ensured.

EP is registered in the Commercial Registry Office of Lisbon with tax number 504 598 686 and has its registered office in Praça da Portagem, Almada.

On 23 November 2007 the State entered with EP a concession contract (hereinafter called "contract") whose bases were approved in an attachment to Decree-Law no. 380/2007, of 13 November, as amended by Law no. 13/2008 of 29 February, Decree-Law no. 110/2009, of 18 May, and Decree-Law no. 44-A/2010, of 5 May.
The object of this contract, which terminates at 24 hours on 31

December 2082, is the concession by the Portuguese State to EP of the following:

- Design, construction, financing, maintenance, operation, rehabilitation and enlargement of the roads included in the National Road Network;
- Design, project, construction, financing, maintenance, operation, rehabilitation and enlargement of the roads included in the Future National Road Network;
- Financing, operation, maintenance, rehabilitation and enlargement of the roads comprised in the National Road Network or the Future National Road Network but which also comprise the Concessioned Network, such responsibilities being however subject to the initial term of the concession contracts currently in force between the State and third parties. The initial term also marks the end of the company's assumption of all payments due and receipts to be collected by the State within the scope of said contracts.

EP shall not enter any transaction the object of which are concession assets such as may jeopardise their effective and continued allocation to the provision of a public service, except if they need to be replaced or are deemed inadequate to perform the concession activities, in which case they may be transferred or disposed of subject to the approval of the concession grantor. The concession assets revert to the State at the end of the concession.

Under the concession contract, which was entered into for a period of 75 years starting in 2008, the following, among others, are EP own revenues:

- Toll rates from tolled roads;
- The proceeds from the Road Service Contribution;
- The income from operating the Concession establishment;
- The income from operating the concessioned undertaking.

EP has issued bonds that are listed on the Open Market of the Frankfurt Stock Exchange.

The company's financial statements and related notes are presented in thousands of Euros, unless otherwise stated, since the Euro is the functional currency of the company.

These financial statements were approved by the Board of Directors at its meeting of 9 April 2015. The Board of Directors is of the opinion that these financial statements give a true and fair view of EP's operations, its financial position, performance and cash flows.

2. Accounting framework for the preparation of the financial statements

2.1. Basis of preparation

EP's financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, issued and in force, or issued and adopted, prior to 31 December 2014.

The financial statements presented herein were prepared according to the principle of historical cost, except for derivative financial instruments, which were recorded at fair value.

The accompanying financial statements were prepared on a going concern basis from the books and accounting records of the company.

The preparation of the financial statements under IFRS requires the use of certain critical accounting estimates, assumptions, and judgements in the process of defining the accounting policies to be adopted by the company, with a significant impact on the carrying amounts of assets and liabilities, as well as of the expenses and revenues of the reporting period.

Although these estimates are based on the best experience of the Board of Directors, and its expectations concerning current and future events and actions, current and future income may differ from these estimates. The areas that involve a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2.2. Recently issued accounting standards and interpretations

New standards and amendments to the standards previously in force have been published, as follows:

i) Impact of the adoption of standards and interpretations effective as from 1 January 2014:

Standards

• **IAS 32** (amendment), 'Compensation of financial assets and liabilities'. This amendment is part of the IASB offsetting project which clarifies the meaning of "currently has a legally enforceable right to set-off", and clarifies that some gross settlement systems (clearing houses) may be equivalent to net settlement. The adoption of this change had no impact on the company's financial statements.

• **IAS 36** (amendment), 'Recoverable amount disclosure for Non-financial assets'. This standard addresses the disclosure of information about the recoverable amount of impaired assets when based on fair value less cost to sell model. The adoption of this change had no impact on the company's financial statements.

• **IAS 39** (amendment) 'Novation of derivatives and continuation of hedge accounting'. This amendment allows an entity to keep applying hedge accounting for a derivative that was designated as a hedging instrument, when a law or regulation transfers the counterparty rights to a clearing house. The adoption of this change had no impact on the company's financial statements.

• **Amendments to IFRS 10, IFRS 12 and IAS 27** - 'Investment entities'. This amendment defines investment entities, which are exempted from applying IFRS 10 to investments in subsidiaries. Investments in subsidiaries should be measured at fair value through profit or loss, in accordance with IAS 39. Specific disclosure requirements are included in IFRS 12. The adoption of this change had no impact on the company's financial statements.

ii) New standards, amendments to existing standards and interpretations published and of compulsory application for annual periods starting on or after 1 July 2014 and subsequent periods, which the company did not adopt.

Standards

• **IAS 1** (amendment) 'Disclosure initiative' (effective for annual periods beginning on or after 1 January 2016). This amendment is still subject to endorsement by the European Union. The amendment provides guidance concerning materiality and aggregation, the presentation of subtotals, the structure of the financial statements and the disclosure of the accounting policies. Management is analysing the potential impacts of its future adoption. The company will apply this amendment at the start of the annual period when it becomes effective.

• **IAS 19** (amendment) 'Defined benefit plans – Employee contributions' (effective for annual periods beginning on or after 1 July 2014). T This amendment is still subject to endorsement by the European Union. This amendment to IAS 19 apply to contributions from employees or third parties to defined benefit plans and aims to simplify the accounting when contributions are independent of the number of years of service. No impact is expected of the future adoption of this amendment in the company's financial statements.

• **IAS 16 and IAS 38** (amendment) 'Acceptable methods of depreciation and amortisation calculation' (effective for annual periods beginning on or after 1 January 2016). This amendment is still subject to endorsement by the European Union. This amendment clarifies that the use of revenue-based methods to calculate the depreciation / amortisation of an asset is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an asset. It shall be applied prospectively. Management is analysing the potential impacts of its future adoption. The company will apply this amendment at the start of the annual period when it becomes effective.

• **IAS 16 and IAS 41** (amendment) 'Agriculture: bearer plants' (effective for annual periods beginning on or after 1 January 2016). This amendment is still subject to endorsement by the

European Union. This amendment defines the concept of a bearer plant and removes it from the scope of IAS 41 – Agriculture, to the scope of IAS 16 – Property, plant and equipment, with the consequential impact on measurement. However, the produce growing on bearer plants will remain within the scope of IAS 41 –Agriculture. The company will apply this amendment at the start of the annual period when it becomes effective.

• **IAS 27** (amendment), 'Equity method in separate financial statements' (effective for annual periods beginning on or after 1 January 2016). This amendment is still subject to endorsement by the European Union. This amendment allows entities to use the equity method to measure investments in subsidiaries, joint ventures and associates in separate financial statements. This amendment applies retrospectively. The amendment has no impact on EP's financial statements. The company only prepares individual financial statements.

• **Amendment to IFRS 10 and IAS 28**, 'Sale or contribution of assets between investor and its Associate or Joint venture' (effective for annual periods beginning on or after 1 January 2016). This amendment is still subject to endorsement by the European Union. This amendment clarifies that the sale or contribution of assets between an investor and its associate or joint venture, entitles the investor to recognise a full gain or loss when the assets transferred constitute a business, and only a partial gain or loss (in the share owned by third parties) when it does not constitute a business. The amendment has no impact on EP's financial statements. The company only prepares individual financial statements.

• **Amendment to IFRS 10, 12 and IAS 28**, 'Investment entities: applying consolidation exception" (effective for annual periods beginning on or after 1 January 2016). This amendment is still subject to endorsement by the European Union. This amendment clarifies that the exemption from the obligation to prepare consolidated financial statements by investment entities applies to an intermediate parent which is a subsidiary of an investment entity. The policy choice to apply the equity method, under IAS 28, is extended to an entity, which is not an investment entity, but has an interest in an associate or joint venture which is an investment entity. No impact is expected of the future adoption of this amendment in EP's financial statements.

• **IFRS 11** (amendment), 'Accounting for the acquisitions of interests in joint operations (effective for annual periods beginning on or after 1 January 2016). This amendment is still subject to endorsement by the European Union. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business, the principles of IFRS 3 - Business combinations being applied. No impact is expected of the future adoption of this amendment in EP's financial statements.

• **Annual Improvement 2010 –2012**, (generally effective for annual periods beginning on or after 1 July 2014). These improvements are still subject to endorsement by the European Union. The 2010-2012 annual improvements affect: IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38. The company will apply the 2010-2012 annual improvements in the period when they become effective.

• **Annual Improvement 2011 –2013**, (effective in the European Union for annual periods beginning on or after 1 January 2015). The 2011-2013 annual improvements affects: IFRS 1, IFRS 3, IFRS 13, and IAS 40. The company will apply the 2011-2013 annual improvements in the period when they become effective, except for improvements to IFRS 1 as the company already applies the IFRS.

• **Annual Improvement 2012 –2014**, (effective for annual periods beginning on or after 1 January 2016). These improvements are still subject to endorsement by the European Union. The 2012-2014 annual improvements affect: IFRS 5, IFRS 7, IAS 19 and IAS 34. No significant impact is expected of the future adoption of these amendments in EP's financial statements.

• **IFRS 9** (new), 'Financial instruments' (effective for annual periods beginning on or after 1 January 2018). This standard is still subject to endorsement by the European Union. IFRS 9 replaces the guidance in IAS 39, regarding: (i) the classification and measurement of financial assets and liabilities; (ii) the recognition of credit impairment (through the expected credit losses model); and (iii) the hedge accounting requirements and recognition. The company will apply IFRS 9 in the year when it becomes effective.

• **IFRS 14** (new), 'Regulatory deferral accounts' (effective for annual periods beginning on or after 1 January 2016). This standard is still subject to endorsement by the European Union. This standard allows first–time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise regulatory assets / liabilities, the referred amounts must be presented separately in the financial statements. This standard does not apply to EP as the company does not exercise a regulated activity and is not a first-time adopter of the IFRS. These changes are unlikely to bear significant impact on the financial statements of EP.

• **IFRS 15** (new), 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 January 2017). This standard is still subject to endorsement by the European Union. This new standard applies only to contracts with customers to provide goods or services, and requires an entity to recognise revenue when the contractual obligation to deliver the goods or services is satisfied and by the amount that reflects the consideration the entity is expected to be entitled to, following a five step approach. The company will apply IFRS 15 in the year when it becomes effective.
Interpretations

• **IFRIC 21** (new), 'Levies' (effective for annual periods beginning on or after 17 June 2014). Interpretation to IAS 37 and the recognition of a liability, clarifying that the obligation event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment. The company will apply IFRS 21 in the year when it becomes effective.

2.3. Comparability of the financial statements

The information contained in these financial statements is entirely comparable with that of the previous financial year.

3. Main accounting policies

The main accounting policies used in the preparation of the financial statements are as described below. These policies were consistently applied in all the years presented, unless otherwise stated.

3.1. Foreign currency translation

i) Exchange rates used:

No operations in currencies other than the Euro were carried out during the year.

3.2. Tangible fixed assets

Tangible fixed assets are measured at cost deducted for accumulated depreciation and impairment losses. Cost includes the purchase price of the asset, costs directly attributable to its acquisition and costs incurred to prepare the asset to start operating. Cost incurred with loans obtained for the construction of tangible assets are recognised as part the assets' construction cost.

Subsequent costs incurred with renovations and major repairs that increase the useful life or the production capacity of the asset are either added to the cost of the asset or recognised as a separate asset, with an adequate derecognition of the replaced components of the asset; this only occurs when future economic benefits are likely to flow to the entity and when costs can be measured reliably; the replaced part is derecognised from the Statement of financial position.

Costs with current repairs and maintenance are expensed in the period in which they occur.

Expenses to be incurred with the disassembling, dismantling or removal of assets, when significant, are included in the acquisition cost of the asset.

Land is not depreciated. The remaining tangible fixed assets are depreciated on a straight-line basis. The estimated useful lives for the most significant tangible fixed assets are as follows:

	Year
Buildings & other constructions	From 10 to 50 years
Basic equipment	From 5 to 8 years
Transport equipment	4 years
Tools	From 4 to 8 years
Administrative equipment	From 3 to 8 years
Other tangible assets	From 1 to 10 years

Gains and losses arising from the disposal of tangible fixed assets are determined as the difference between the assets' sales value and net book value, and are recognised in the statement of comprehensive income.

3.3. Investment properties

Investment properties (land, buildings or parts of buildings) are owned to obtain rental revenue or capital gains, or both. Investment properties were initially valued at cost and subsequently under the cost model, applied to all assets classified as investment properties. Investment properties are depreciated by the straight-line method in accordance with their estimated useful life.

3.4. Intangible assets

Intangible assets are measured and recognised according to the transactions that gave rise to them, as explained below.

Initial recognition

Through application of IFRIC 12, EP considers that the asset resulting from the Right of Operation attributed to it under the Concession Contract entered with the State classifies as an intangible asset.

The Concession Right was recognised by virtue of a business combination at the time the company's corporate object was changed, as explained in Note 1. The Concession Right was initially measured and recognised as the amount attributed in EP's Concession Contract, with subsequent changes as indicated in Note 1.
The recognition of the Concession Right originated the record of a negative integration difference through derecognition of the different components of the National Road Network stated in the company's opening statement of financial position. This integration difference was deducted to the Concession Right.

The remaining intangible assets result from separate acquisition transactions, their cost reflecting the following:

• the purchase price, including costs related to intellectual property rights and taxes on non-refundable purchases, after deducting trade discounts and rebates; and
• any cost directly attributable to the preparation of the asset for its intended use.

Subsequent recognition

The company values its intangible assets, after the initial recognition, according to the cost model, as defined by IAS 38 – Intangible Assets.

The Concession Right increases through the development of the activity of management of the national road network infrastructure, which includes, among others, the construction, financing and operation of the National Road Network (which includes the Concessioned Network) and the Future National Road Network, namely as a result of:

(i) Provision of construction services

Upon conclusion of each significant component of the Future National Road Network there is an increase corresponding to the execution value. Construction may be done directly by the company or through sub-concession.
Until conclusion of each component, a share of the estimated execution value of the works is recognised as an intangible asset using the percentage of completion method, determined based on the actual progress of each works.

Expenses incurred by the company in connection to the launch of sub-concession tenders are recognised as intangible assets until they are billed to the sub-concessionaire.

Construction-related financing costs are treated as explained in Note 3.5.

(ii) Acquisition of future rights over the Concessioned Network
Increases through payments net of receipts relative to the Concessions, accumulated up to the initial term of each concession, after which the company is entitled to the underlying economic benefits of the corresponding stretch.

Up to the initial term they are recognised under intangible assets in progress, when spent.

Financing costs related to this acquisition are treated as explained in Note 3.5.

EP's Concession Contract gives the following definitions to the three fundamental components of the Concession Undertaking:

*"**Concessioned Network** — designates the roads included in the National Road Network that on the signature date of the Concession Contract are subject to a Concession Contract with the State, or those which the State included in a public tender still under way viewing their concession."*

*"**National Road Network** — designates the "Itinerários Principais" (trunk roads), "Itinerários Complementares" (secondary roads), National Roads and Regional Roads included in the PRN 2000 (National Road Plan) in operation or with construction started on the signature date of the Concession Contract." "The construction of "Itinerários Principais", "Itinerários Complementares", National Roads and Regional Roads is deemed to have started upon award by the State or by EP — Estradas de Portugal, S. A. of the contract viewing their construction".*

*"**Future National Road Network** — designates the "Itinerários Principais", "Itinerários Complementares", National Roads and Regional Roads foreseen in the PRN 2000 or any bill that modifies or replaces it and comes into force up to 5 (five) years prior to the term of the Concession Contract, that are not built on the signature date of the Concession Contract. "Itinerários Principais", "Itinerários Complementares", National Roads and Regional Roads foreseen in the PRN 2000 are considered as not having been built if on the signature date of the Concession Contract their construction has not been awarded by the State or by EP — Estradas de Portugal, S. A."*

Amortisation

EP amortises the Concession Right based on its best estimate of the consumption pattern of the economic benefits associated to the asset, i.e., in accordance with the units of production method as defined in IFRIC 12.

The unit of production corresponds to the best estimate of revenues directly associated to the rights already acquired by the company, which excludes revenues from the collection of tolls before the initial terms of the underlying concessions.

Any changes in estimates are corrected prospectively, affecting the value of amortisations of future years.

The amortisable value of the Concession Right, which is revised on an annual basis according to the company's best estimates, corresponds to the total overall amount of the costs incurred and responsibilities assumed within the scope of the general concession of the national road infrastructure.

The remaining intangible assets are amortised on a systematic basis from the date on which they are available for use over the estimated useful life.

3.5. Capitalisation of costs with loans obtained

The company capitalises the borrowing costs associated to the acquisition, construction or production of qualifying assets.

EP considers as qualifying assets those which take a period of more than 12 months to be concluded for their intended use; its most significant qualifying asset is the Concession Right to the road infrastructure network.

Any component of the National Road Network or Future National Road Network is considered a component of that same qualifying asset providing the estimated duration of its construction exceeds twelve months.

The components of the Concession Right that qualify for the capitalisation of loan expenditures are essentially those resulting from:

(i) Provision of construction services

The provision of construction services usually has a duration of more than one year and therefore the costs associated to the loans obtained to provide such services are considered eligible, regardless of whether they are provided directly by EP or under a sub-concession.

(ii) Acquisition of future rights over the Concessioned Network

Payments made for the acquisition of future rights over the Concessioned Network up to the initial term of each section of the current Concessioned Network.

Direct borrowing costs are considered as a cost of the specific component that was financed. When borrowing costs cannot be directly attributed to each component of the network in progress, the average weighted rate of the outstanding loans during the period is applied to the expenditure incurred with the development of said network.

Components whose construction was funded through subsidies or those ready to enter into operation, regardless of whether the works in which they are included are completed or not, are not considered in the calculation of the basis for the capitalisation of costs of loans obtained.

3.6. Impairment of Assets

The company tests assets for impairment whenever events or changes in circumstances indicate that the amount for which they are booked in the financial statements is not recoverable. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

The reversal of impairment losses takes place when the reasons leading to their recognition in the first place cease to exist.

In the event of recording or reversal of impairment, the assets' amortisation and depreciation are re-determined prospectively, in accordance with the recoverable value.

Impairment losses and corresponding reversals are recognised in the statement of comprehensive income.

3.7. Financial assets

The Board of Directors decides the classification of financial assets on the time of initial recognition, in accordance with the purpose for which they were purchased, and reassesses this classification at each reporting date.

Financial assets may be classified into the following categories:

i) Financial assets at fair value through profit and loss: financial assets, derivatives held for trading relative to short-term investments, and assets designated at fair value through profit or loss on the date of initial recognition. They are initially recognised at fair value with transaction costs being recognised in results. Such assets are subsequently adjusted to fair value, with gains and losses arising from changes in fair value being recognised in the statement of profit and loss for the period in which they occur under "Changes in fair value".

ii) Loans granted and accounts receivable– includes non-derivative financial assets with fixed or determinable payments that are not listed in an active market. They are classified in the statement of financial position as "Trade receivables" and "Other receivables" (Note 11) and carried at amortised cost at the effective interest rate, less impairment adjustments, when applicable. Impairment losses of accounts receivable are established when there is objective evidence that EP will not receive the amounts due in accordance with the original terms of the transactions that gave rise to the receivables. Identified impairment losses are recorded in the statement of comprehensive income under 'impairment of receivables' and are subsequently reversed in the event that indications of impairment decrease or cease to exist.

Financial assets are derecognised when the rights to receive cash flows from the investments expire or are transferred, as well as all the risks and rewards of ownership.

3.8. Non current assets held for sale

Non-current assets are classified as held for sale if the their value is realisable through sale rather than through continued use. For this to be the case the sale must be highly probable and the asset must be available for immediate sale in its present condition. In addition, adequate measures must be in course so to conclude that the sale is expected to occur within 12 months of the date of classification in this heading. Non-current assets classified as held for sale are stated at the lower of book and fair value less costs to sell, and cease to be amortised from the moment they are classified as held for sale.

3.9. Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other short-term investments of high liquidity and with initial maturity of up to 3 months, and bank overdrafts. Bank overdrafts are shown in the "Loans obtained" caption in current liabilities on the Statement of financial position.

3.10. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares or options are shown net of tax, as a deduction in equity from the amount issued.

3.11. Financial liabilities

IAS 39 establishes the classification of financial liabilities in two categories:

i) Financial liabilities at fair value through profit or loss;
ii) Other financial liabilities.

Other financial liabilities include "Loans obtained" (Note 19), "Shareholder loans" (Note 20), "Other accounts payable" (Note 21) and "Trade creditors" (Note 22).

Loans obtained and Shareholder loans are initially recognised at fair value, net of transaction costs incurred. Loans obtained are subsequently measured at amortised cost, the difference between the nominal value and the initial fair value being recognised in the statement of comprehensive income over the term of the loan, using the effective interest method.

Liabilities classified as "Trade creditors" and "Other accounts payable" are initially recognised at fair value, and subsequently measured at amortised cost in accordance with the effective interest rate.

Loans obtained are classified as current liabilities except if the Company has an unconditional right to defer the settlement of the liability for at least 12 months after balance sheet date, in which case they are classified as non-current liabilities.
Financial liabilities are derecognised when the underlying obligations are settled, cancelled or expire.

3.12. Income tax

Income tax for the period comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income, except when related to items that are recognised directly in equity. The amount of current income tax payable is determined based on results before tax, adjusted to the tax criteria in force.

In accordance with current legislation, the company's tax returns are subject to review and correction by the tax authorities during a period of four years (five years for social security), except where tax losses exist or tax benefits have been granted or inspections, claims or appeals are in progress, in which case, depending on the circumstances, the period can be extended or suspended. Hence the company's tax returns for financial years 2011 to 2014 may still be subject to review.

Deferred tax is recognised using the liability method based on the Statement of financial position considering the temporary differences between the tax base of assets and liabilities and their amounts in the financial statements.

Deferred income tax is calculated using the tax rates in force or already officially communicated at the date of the Statement of financial position which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred asset taxes are recognized whenever there is reasonable assurance that future profits will be generated against which they may be used. Deferred tax assets are regularly reviewed, and they are reduced whenever it is no longer probable that they may be used in the future.

3.13. Employee benefits

EP has granted early temporary retirement pensions and complementary retirement and survival benefits to a restricted and closed group of employees.

These post-employment supplements are paid to the employees by Caixa Geral de Aposentações (civil servants pension fund) and subsequently charged to EP until such time as the employees in question meet the conditions for retirement under the general law.

The liabilities related to the payment of these benefits are reviewed on an annual basis. The present value of the obligation is determined using the immediate life income method, by deducting future benefit payments using the interest rate of highly rated bonds denominated in the same currency in which the benefits would be paid and with a maturity approaching the maturity of the assumed liability.

The liability derecognised in the Statement of financial position is the present value of the benefit obligation determined as on the date of the Statement of financial position.

3.14. Provisions

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks that are specific to the obligation.

3.15. Government grants and subsidies

Subsidies received from the Portuguese State and the European Union are recognised at fair value when there is reasonable certainty that the conditions for receipt of the subsidy will be complied with.

Non-refundable subsidies obtained for investment in tangible and intangible fixed assets are recognised as deferred income.

These subsidies are subsequently credited to the Statement of comprehensive income, under “Other income and gains”, pro-rata to the depreciation/amortisation of the subsidized assets.

Non-refundable operating subsidies are recognized in the Statement of comprehensive income in the same period as the associated expenses are incurred.

3.16. Leases

Leases of tangible fixed assets for which EP retains substantially all the risks and rewards inherent to asset ownership are classified as finance leases. Other agreements, where from the analysis of the specific contract clauses, there is indication of the existence of a lease, are also classified as financial leases. All other leases are classified as operating leases.

For operational leases, rentals are booked on a straight-line basis as an expense in the statement of comprehensive income, during the lease period.

3.17. Income and expenses

Income and expenses are recognised in the period to which they refer to, regardless of when paid or received, according to the accrual basis accounting principle. Differences between amounts received and paid and the related income and expenses are recognised as assets and liabilities respectively, if these qualify as receivables or payables.

3.18. Revenue

The Company's revenue within the scope of the Concession agreed with the State is defined in the Concession Contract, basically including the following:

(i) Road Service Contribution (RSC)

The RSC, created by Law no. 55/2007, of 31 August, is the consideration paid by the users for the use of the national road network. It is levied on gasoline, auto diesel and LPG (as from 2014) subject to tax on oil and energy products ("ISP) that are not exempt from such tax.

Monetary setting has a time lag of around two months relative to collection date and therefore the revenue is recognised on an accrual basis.

(ii) Other Revenues arising from the Concession Contract

In order to pursue its corporate object, the company must provide construction services in connection to the development of the national road infrastructure network.

The result of the construction of each new component of the National Road Infrastructure Network is recognised using the percentage of completion method.

The revenue to be recognised is calculated as the percentage of completion multiplied by the total value of the works. The total value of the works is the amount agreed with the grantor (the State), or, when an amount has not been agreed, the sum of the expenditure components specifically concerning the works in question, both internal and external.

The amount receivable from the provision of construction services within the scope of the Concession is exchanged for the Concession Right, as referred in Note 23.

When the total value of the works has been agreed with the Grantor, whenever the sum of the specific expenditures incurred and to be incurred exceeds the agreed revenue, the estimated loss is immediately recognised in results.

(iii) The value of toll rates - Roads under the company's management or sub-concessioned

Toll collection on roads included in the network managed by the company or the sub-concessioned network is recognised in the year's results according to the real tolls in the period, in so far as these tolls are charged in roads over which EP already has full rights to operate the Concession.

(iv) The value of toll rates - Roads under sub-concessioned management

Toll collection on roads included in the Concessioned Network is recognised according to the real tolls in the period, with the resulting amount being deducted to EP's investment in the acquisition of rights over said Concessioned Network, as stipulated in the Concession Contract entered with the Portuguese State.

3.19. Derivative financial instruments

EP uses derivative instruments in the management of its financial risks with the purpose of hedging such risks, and/or streamlining borrowing costs.
The company uses the following criteria to classify a derivative instrument as a cash flow hedge instrument:

- The hedge transaction is expected to be highly effective in offsetting changes in cash flows attributable to the hedged risk;
- The effectiveness of the hedge can be reliably measured;
- There is adequate documentation of the hedging relationships at the inception of the hedge;
- The forecast transaction that is being hedged is highly pro-

bable.

The company uses financial instruments to hedge cash flows mainly related to interest rate hedges of loans obtained which do not provide perfect hedging relations and therefore do not quality for hedge accounting. Nevertheless, they significantly mitigate the effect on loans of changes in interest rates which the company intends to hedge. Derivative instruments, though contracted for the aforementioned purposes and to which the company did not apply hedge accounting, are recognised at fair value, with subsequent changes being taken directly to the financial income items of the Statement of comprehensive income.

3.20. Accounting policy for the fair value of assets and liabilities

In determining the fair value of an asset or liability, if an active market exists, the market price is applied. This constitutes level 1 of the hierarchy of fair value, as defined in IFRS 13 - Fair value measurement.

If there is no active market, which is the case for some financial assets and liabilities, valuation techniques generally accepted in the market will be applied, based on market assumptions. This constitutes level 2 of the hierarchy of fair value, as defined in IFRS 13.

EP uses valuation techniques for non-listed financial instruments such as derivatives. The most frequently used valuation models are discounted cash flow models and option valuation models which include market data such as interest rate curves.

In relation to certain more complex types of financial instruments, the valuation models used are advanced models containing assumptions and data that are not directly observable in the market and for which EP uses internal estimates and assumptions. This constitutes level 3 of the hierarchy of fair value, as defined in IFRS 13.

3.21. Related entities

Revision of IAS 24 – "Related parties: disclosure" establishes the obligation to disclose transactions with the State and State -related entities (i.e. equally held by the State). Related entities are those which, directly or indirectly, through one or more intermediaries, control or are controlled by EP, or are under common control. Related entities also include those entities in which EP holds an interest that grants it significant influence. EP adopted the exception permitted for public entities of only disclosing the most relevant transactions (see note 35).

3.22. Segment reporting

An operating segment is a component of an entity:

i) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses generated by transactions with other components of the same entity);
ii) whose operating results are regularly reviewed by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance.

When taking decisions, the Board of Directors, the company's chief decision maker, analyses not only the elements of operating results but also the investment to be made to form the assets of each segment.

The company's operating segments are "Operation and Maintenance", "Own Construction", Concessions" and "Sub-concessions".

The Concession Contract is reflected in EP's accounts as a single and indivisible operation right representing the national road network and not a set of individual roads.

In the management information analysed by the BD, the company's business areas are organised as follows:

• **Operation and maintenance**: this activity is concerned with the management and maintenance of roads and engineering

structure and the improvement of safety conditions in the road network under EP's direct management;
• **Own Construction**: this activity involves the construction and rehabilitation works of roads and engineering structure under EP's direct management;
• **Concessions**: this activity consists in the management of the Concession Contracts with the Portuguese State;
• **Sub-Concessions**: this activity involves the management of EP's Sub-Concession Contracts.

3.23. Offsetting of financial instruments

Estradas de Portugal's financial assets and liabilities are offset and the net amount presented in the statement of financial position when the company has a legal right to offset the amounts and intends either to set off on a net basis, or to realise the assets and settle the liability simultaneously. The legal enforceable right of set-off is not contingent on a future event and is legally enforceable in the normal course of business, or even in the event of insolvency or bankruptcy of the company or the counterparty.

4. Main estimates and judgements used in the preparation of the financial statements

The estimates and judgements with an impact on EP's financial statements are continuously evaluated, representing, on the date of each report, the Board of Director's best estimate, taking into account the historical performance, accumulated experience and expectations about future events that, under the circumstances, are deemed reasonable.

Due to the intrinsic nature of the estimates and judgements, the real impact of the situations which had been estimated may differ, for the purposes of financial reporting, from the estimated amounts. The estimates and judgements that have significant risk of causing a material adjustment to the carrying value of assets and liabilities during the next financial year are as follows:

4.1. Significant accounting estimates

i) Intangible assets

The Company amortises its Concession Right by the equivalent units method, as described in Note 3.4. This amortisation is therefore based on the estimated total revenue to be generated by the Concession up to its term and the valuation of all the investments to be made by EP.

These two parameters are defined based on the Board of Directors' best judgement concerning the assets and businesses in question, also taking into account the practices adopted by international peer companies.

ii) Estimated revenue pattern

Establishing the amount and timing of future revenues is essential in the equivalent units method, on which the calculation of the amortisation of the Concession Right is based.

This pattern is estimated based on performance in the recent past on and on EP's Board do Directors' best outlook for the future.

The company also made a sensitivity analysis of the evolution of revenues over the Contract's life and their impact on the amortisation for the year. These analyses were based on the following assumptions:

a) Real increase in toll revenue after the initial term of the concession contracts of 0%, real RSC increase as estimated by the Directorate-General for Energy and Geology ("DGEG) from 2016 to 2020 and 0% after 2021, with growth remaining in line with the CPI; A21 - real increase of 0% as from 2016; Marão Tunnel - the values foreseen in the traffic studies up to 2041 and real growth of 0% after 2042;
b) Real increase in toll revenue after the initial term of the concession contracts of 1% up to 2039 and 0% as from 2040, real RSC increase as estimated by the DGEG from 2016 to 2020 and 0.5% after 2021 , with growth remaining in line with the CPI; . A21 - real increase of 1% in 2016-2039 and 0% after

2040; Marão Tunnel - the values foreseen in the traffic studies up to 2041 and real growth of 0% after 2042;
c) Real increase in toll revenue after the initial term of the concession contracts of 1%, real RSC increase as estimated by the DGEG from 2016 to 2020 and 1% after 2021, with growth remaining in line with the CPI; A21 - real increase of 1% as from 2016; Marão Tunnel - the values foreseen in the traffic studies up to 2041 and real growth of 1% after 2042.

The results of these different analyses in 2014 are shown in the table below:

Sensitivity analysis to RSC and Toll revenue growth

million Euros (€m

	Scenario a)	Scenario b)	Scenario c)
Amortisation and depreciation for the year	180.0	162.4	126.9
Amortisation of subsidies	(50.2)	(46.5)	(39.0)
	129.7	115.9	88.0
Difference		(13.9)	(41.8)

As the series is very long, for reasons of prudence, and as was the practice in previous years, a 0% real growth rate was assumed for toll revenue after the initial term of the Concession Contracts and for the RSC after 2020, with growth remaining in line with the CPI, as reviewed and approved by the Board of Directors in July 2014. See note 9.

iii) Regular maintenance of roads and engineering structure

The annualised cost of the programmed maintenance works required to maintain the network's average quality index at the same level as when the network was received (a stipulation of EP's Concession Contract) is calculated based on technical assessments of repair needs and an index of the average quality of road and engineering structure.

iv) Provisions

The Company periodically examines any obligations arising from past events that warrant recognition or disclosure.

The subjectivity inherent in determining the likelihood that internal resources may be required for the settlement of obligations, and the amount thereof, may lead to significant adjustments, both due to changes in the assumptions used and due to the future recognition of provisions previously disclosed as contingent liabilities.

Provisions resulting from lawsuits in progress are periodically assessed by EP's internal and external lawyers in charge of those proceedings.

As regards the Provision for Disqualified Roads, EP determines if its booked value is adequate based on a comprehensive survey of all these roads still under its responsibility and a technical assessment of the cost involved in preparing them for delivery to the municipalities.

As a result of the developments in the VAT process described in Note 12, a provision in the amount corresponding to the estimated impact of an unfavourable decision to EP (the entire VAT deducted by EP in activities financed by the RSC) has been set up.

v) Construction through Sub-Concessions

Construction through Sub-Concessions is recognised to reflect the physical evolution of the works, based on percentage of completion data obtained from the sub-concessionaires and validated by EP.

vi) Income tax

Deferred tax assets are recognised only when there is strong assurance that there will be future taxable income available to use the temporary differences or where there are deferred tax liabilities whose reversal is expected to take place in the same period in which the deferred tax assets are reversed. The assessment of deferred tax assets is undertaken by management at the end of each reporting period taking account of the expected future performance of the Company. Deferred taxes are determined based on the tax legislation in force or legislation published for future application. Changes in the tax legislation may influence the amount of deferred taxes, and this is carefully taken into account by Management.

4.2. Main judgements in the application of relevant accounting policies

i) Depreciable value of the Concession Right

The value taken as the amortisable value of the Concession Right must take into account the value of works and programmed maintenance up to the term of the concession.

Changes in planned, contracted and executed values may vary due to factors outside the company's control, impacting the amortisable value to be recorded in the future.

5. Risk management policy

5.1. Financial Risk

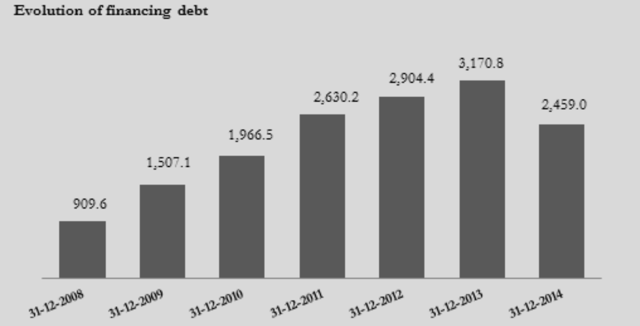
EP's activity is exposed to a variety of financial risk factors, including changes in market prices, liquidity risk and risks of cash flows associated to the interest rate.

Financial risk management is controlled by the Financial Division in accordance with the guidelines provided by EP's supervising ministry and the policies approved by the Board of Directors.

The Company's indebtedness dates back from 2005, its funding having evolved as follows:

Evolution of the Financing Debt:

(€ million)



During 2014 EP's net debt, excluding accruals, was reduced by €712m through the conversion of shareholder loans into equity. New funding needs were also met through capital increases. EP has no assets or liabilities in currencies other than the Euro and therefore its activity is not exposed to currency risk.

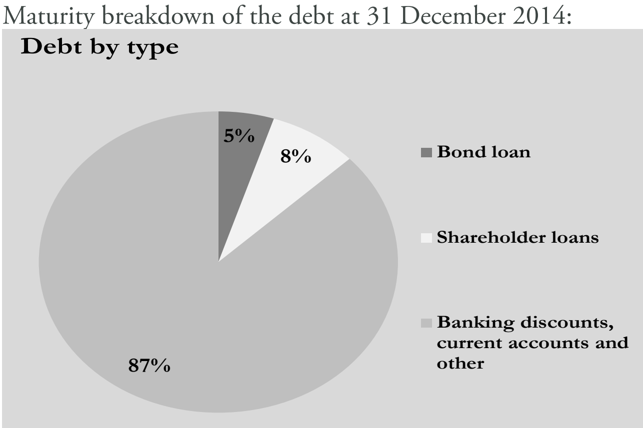
5.2. Liquidity Risk

Managing liquidity risk implies maintaining an adequate level of cash and cash equivalents in order to meet the responsibilities assumed and seek to match asset and liability maturities.

From 2005 to 2007 EP's bank debt consisted of short-term credit lines, namely bank overdrafts and current accounts. As from 2008 some of these facilities were converted into commercial paper programmes and new credit lines were negotiated.

At the end of 2009 EP extended the maturity of its debt by contracting a 20-year loan from the European Investment Bank. By mid-July 2010 the Company reinforced the long-term component of its debt, issuing a €125m bond loan, also with the maturity of 20 years. This permitted to diversify both lenders and financing instruments. Since 2011 EP has been receiving loans from its shareholder, which at the end of 2013 totalled €2,877 thousand and represented approximately 90% of its debt. In 2014 EP changed its funding strategy from shareholder loans to capital increases: the reimbursements of shareholder loans were thus converted into equity, reducing the amount of these loans to €2,221m.

Maturity breakdown of the debt at 31 December 2014:



(€ thousand)

31/12/2014	Current	Non-current		Total
	Up to 1 year	2 to 5 years	More than 5 years	
Loans obtained	25,775	99,522	354,681	479,978
Shareholder loans	818,068	1,395,821	119,158	2,333,046
Total	**843,843**	**1,495,343**	**473,839**	**2,813,024**

(€ thousand)

31/12/2013	Current	Non-current		Total
	Up to 1 year	2 to 5 years	More than 5 years	
Loans obtained	19,978	100,693	379,122	499,793
Shareholder loans	728,505	2,092,008	241,039	3,061,551
Total	**748,483**	**2,192,701**	**620,161**	**3,561,344**

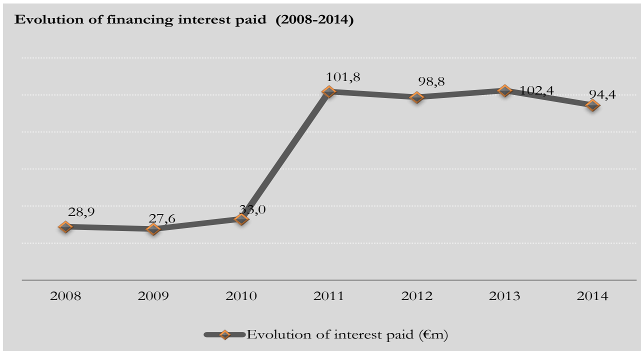
The figures in the above tables correspond to the amounts payable on financings and shareholder loans contracted and disbursed, including the estimated interest on the same.

The remaining relevant financial outflows concern payments of Concession and Sub-Concession Contracts and are shown in note 33 by their annual value up to 2050, this period comprising the entire life of the current contracts.

5.3. Interest rate risk

Interest paid and risk hedging instruments

The table below shows the amount of interest on loans paid between 2008 and 2014:



In 2010 EP contracted an interest rate swap maturing on 15 July 2030 with the underlying amount of €125m, to minimise its exposure to interest rate changes. This swap was measured at fair value and it was liquidated in advance in June 2013. EP had no outstanding swap as at 31 December 2014.

(€ thousand)

31/12/2014	Variable rate	Fixed rate	Total
Loans obtained	-	319,133	319,133
Shareholder loans	-	2,215,578	2,215,578
	-	**2,534,711**	**2,534,711**

(€ thousand)

31/12/2013	Variable rate	Fixed rate	Total
Loans obtained	-	326,493	326,493
Shareholder loans	-	2,861,978	2,861,978
	-	**3,188,471**	**3,188,471**

Given the nature of the assets financed and the type of financing that has been available to EP, all financings as at 31 December 2014 carried fixed interest rates and therefore the Company's exposure to the interest rate risk is currently very limited.

5.4. Credit risk

Credit risk essentially derives from the possibility of a counterparty failing to meet its contractual obligations. EP's revenues mainly originate in the Road Service Contribution (RSC), which is charged by and delivered to EP by the Tax and Customs Authority ("AT"), and in toll revenue, where the customer base is diversified and the amount of each transaction is small. EP therefore does not incur in significant credit risk.

During 2014 EP met the provisions of Article 17 of Law no. 12-A/2010, of 30 June in what concerns the Principle of Unity of the State Treasury, according to which "(...) entities included in the State Business Sector (...) shall maintain their cash and financial placements with IGCP, I.P. (...). Therefore the Company considers that its deposits are not exposed to significant credit risk.

5.5. Capital management

EP's objective relating to the management of capital is a broader concept than the capital disclosed on the face of the statement of financial position. In this phase of investment of EP's Concession Contract, in which the debt has increased every year, such increase was met, and should continue to be met, through regular capital increases.

During 2014 EP's funding needs were met through capital increases, and the scheduled reimbursements of shareholder loans were settled through the conversion into equity not only of the amount of the reimbursements but also of the interest due on the respective payment date.

Both EP's budget and the State Budget for 2015 provide for several capital increases to take place in 2015 in order to cover the Company's large funding needs as a result of its high level of investment.

6. Accounting policies, changes in accounting estimates and misstatements

The company did not i) change accounting policies for the periods presented, ii) amend accounting estimates expected to produce effects in future periods, or iii) correct misstatements in previous periods.

7. Segment reporting

The company's operating segments are "Operation and Maintenance", "Own Construction", Concessions" and "Sub-concessions".
The Concession Contract is reflected in EP's accounts as a single and indivisible operation right representing the national road network and not a set of individual roads.
In the management information analysed by the BD, the company's business areas are organised as follows:

• **Operation and maintenance**: this activity is concerned with the management and maintenance of roads and engineering structure and the improvement of safety conditions in the road network under EP's direct management;

• **Own Construction**: this activity involves the construction and rehabilitation works of roads and engineering structure under EP's direct management;
• **Concessions**: this activity consists in the management of the Concession Contracts with the Portuguese State;
• **Sub-Concessions**: this activity involves the management of EP's Sub-Concession Contracts.

Results

The table below shows the breakdown of the company's results in 2014 and 2013 by operating segment:

(€ million)

Operating Segment	2014	2013	2014		2013	
	Operating Income		EBITDA	EBITDA margin	EBITDA	EBITDA margin
Operation and Maintenance	540	518	383	71%	343	66%
Own Construction	25	4	0	0%	0	0%
Concessions	314	307	85	27%	94	31%
Sub-Concessions	75	288	32	42%	79	28%
Non allocated	7	3	-12	-169%	-14	-430%
Total	961	1,120	489	50.5%	503	45%
Net Amort. and Dep. Subsidies			(133)		(152)	
EBIT			356		351	
Financial Results			(332)		(325)	
EBT			23		26	
Income Tax			(7)		(11)	
Net profit in the period			17		15	

In 2014 EP's income decreased mainly due to lower gains obtained from the construction of sub-concessions, which dropped to €75m, from €288m in 2013. This reduction reflects the stage of conclusion of these sub-concessions. Operating costs matched this reduction and therefore the impact on EBITDA was marginal.

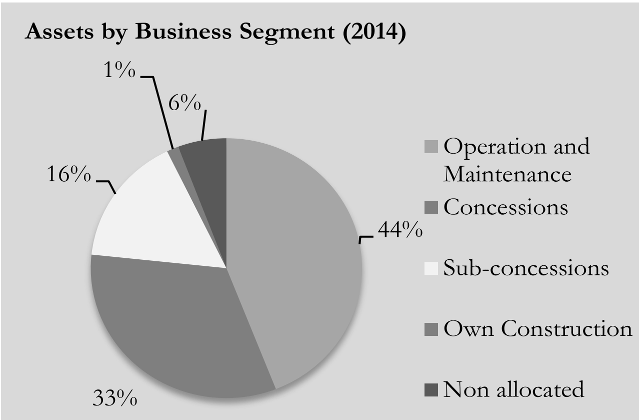
• **Operation and Maintenance**: Expenditure with the operation and maintenance of roads and engineering structure are funded by the Road Service Contribution (RSC), both in 2013 and in 2014, with the segment's EBITDA margin trending above 65%. The increase in the RSC revenue positively impacted EBITDA, which for the first time surpassed 70%.
• **Own Construction**: During 2014 there was an increase in this business segment's activity due to the conclusion of the CRIL and the start of works on the Marão Tunnel. The segment's margin is slim in so far as it only reflects the allocation of internal costs.
• **Concessions**: This segment's EBITDA consists essentially in income from the capitalisation of borrowing costs, since the concessions' toll collection income is deducted to the value of intangible assets, as referred in note 3.4.
• **Sub-Concessions**: In 2014 the reduction in the capitalisation of borrowing costs was much sharper than the increase in toll collection income, therefore leading to a contraction in EBITDA. The sub-concession's toll income increased from approximately €28m in 2013 to €34m in 2014.

(€ million)

	2014	2013	% 2014	% 2013
Assets	20,448	19,721	100.0	100.0
Operation and Maintenance	9,010	9,174	44.1	46.5
Concessions	6,667	6,080	32.6	30.8
Sub-Concessions	3,301	3,269	16.1	16.6
Own Construction	288	252	1.4	1.3
Non allocated	1,182	944	5.8	4.8
Liabilities	17,937	18,748	100.0	100.0
Operation and Maintenance	9,125	9,115	50.9	48.6
Concessions	4,964	5,638	27.7	30.1
Sub-Concessions	3,614	3,831	20.1	20.4
Own Construction	195	113	1.1	0.6
Non allocated	39	51	0.2	0.3

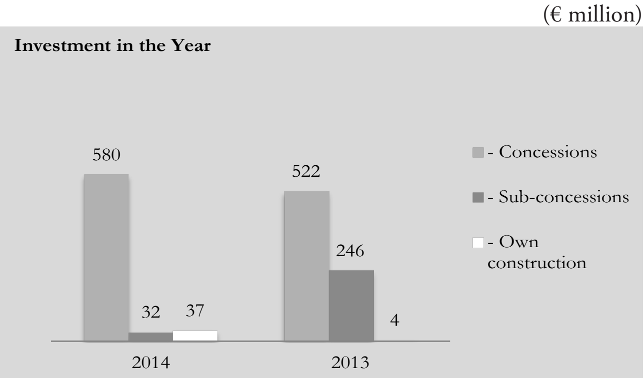
Assets

On 31 December 2014 EP had total assets of €20,448m. A breakdown of assets by business segment shows that the Operation and Maintenance of roads and engineering structure segment represents approximately 44% of EP's Assets. The main asset in this segment, as in the others, is the share of the Concession Right that was attributed to EP under the Concession Contract with the State, which on the whole accounts for 94% of EP's total assets.



The largest share of EP's investment in assets during the year was allocated to the concessions. Investment in the sub-concessions registered a sharp reduction due to their stage of construction, while investment in the concessions increased, which is explained by the fact that the impact of the reduction in payments through the renegotiation of these contracts had already been felt in 2013. The increase in payments registered in 2014 was in part offset by a better performance of toll income from these concessions and a decrease in the capitalisation of borrowing costs.

(€ million)

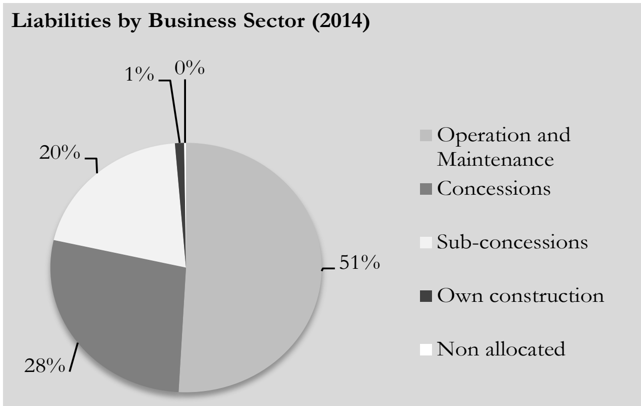


Liabilities

Operation and Maintenance represents approximately the same share of liabilities as of assets, which is explained by the allocation to this segment of subsidies to investment booked under non-current liabilities.

EP's financial debt, which had been contracted in previous years to finance the investment in sub-concessions, contracted in 2014 since the year's investments were financed by capital increases and the shareholder loans maturing in the period were also converted into equity.

The liabilities allocated to the sub-concessions represent the responsibilities assumed by EP regarding the construction of the different sub-concessions. Under these contracts' terms the start of payments is deferred for a period of five years (payments started in 2014), therefore, and as opposed to what happened in the initial phase of the contracts, this business area's share of total liabilities is now gradually decreasing.



These liabilities include a significant amount of provisions, as explained in note 18, with the following breakdown by business area:

(€ million)

	2014	2013	% 2014	% 2013
Provisions	859	830	100.0	100.0
Operation and Maintenance	733	712	85.4	85.7
Concessions	0	0	0.0	0.0
Sub-Concessions	0	0	0.0	0.0
Own Construction	122	113	14.2	13.6
Non allocated	4	6	0.4	0.8

8. Tangible fixed assets

The movements in tangible fixed assets in the periods presented were as follows:

	Land	Buildings & other constructions	Basic equip-ment	Transport equip.	Tools & other	Administrative equip.	Work in progress	Total
01 January 2013								
Acquisition cost	992	37,821	4,207	5,735	10,908	24,003	1,390	85,057
Total depreciation	-	(16,923)	(1,685)	(5,628)	(10,873)	(23,642)	-	(58,750)
Net value	992	20,899	2,522	107	36	361	1,390	26,308
31 December 2013								
Increases	-	-	14	-	53	6	609	682
Disposals	-	795	-	(67)	-	-	-	728
Transfers and write-offs	-	-	1,159	(1,482)	(4,147)	(13,582)	(1,928)	(19,980)
Depreciation - year	-	(772)	(828)	(42)	(26)	(143)	-	(1,810)
Depreciation - disposals	-		-	67	-	-	-	67
Depreciation - transfers and write-offs	-	-	68	1,482	4,147	13,570	-	19,267
Net value	**992**	**20,921**	**2,935**	**66**	**63**	**212**	**71**	**25,260**
31 December 2013								
Acquisition cost	992	38,616	5,380	4,186	6,814	10,427	71	66,486
Total depreciation	-	(17,695)	(2,445)	(4,120)	(6,751)	(10,215)	-	(41,226)
Net value	**992**	**20,921**	**2,935**	**66**	**63**	**212**	**71**	**25,260**

	Land	Buildings & other construc-tions	Basic equi-pment	Transport equip.	Tools & other	Administrative equip.	Work in progress	Total
01 January 2014								
Acquisition cost	992	38,616	5,380	4,186	6,814	10,427	71	66,486
Total depreciation	-	(17,695)	(2,445)	(4,120)	(6,751)	(10,215)	-	(41,226)
Net value	992	20,921	2,935	66	63	212	71	25,260
31 December 2014								
Increases	-	-	997	-	34	10	57	1,099
Disposals	-	-	-	-	-	-	-	-
Transfers and write-offs	-	-	-	-	-	(36)	-	(36)
Depreciation - year	-	(764)	(971)	(32)	(39)	(120)	-	(1,927)
Depreciation - disposals	-	-	-	-	-	-	-	-
Depreciation - transfers and write-offs	-	-	-	-	-	36	-	36
Net value	992	20,157	2,961	33	58	103	128	24,433
31 December 2014								
Acquisition cost	992	38,616	6,377	4,186	6,848	10,401	128	67,548
Total depreciation	-	(18,459)	(3,416)	(4,153)	(6,790)	(10,298)	-	(43,116)
Net value	**992**	**20,157**	**2,961**	**33**	**58**	**103**	**128**	**24,432**

Depreciations of tangible fixed assets are reported in their entirety under 'Costs/(reversals) of depreciation and amortisation in the year' on the Statement of comprehensive income.

EP owns several leftover plots of lands resulting from land expropriations in connection to the construction of the NRN. Since the possibility of using or marketing these plots of land is dependent on several legal and/or commercial contingencies, EP considers that they represent contingent assets and does not register or disclose them until it is probable that they will generate an inflow of economic benefits for the company, at which time they are recognised as Assets held for sale or Investment properties, according to the use they are given.

9. Intangible assets

At 31 December 2014 and 2013 the detail of intangible assets was as follows:

	Concession Right	*Software*	Other	Total
At 1 January 2013				
Acquisition cost	19,292,477	8,138	80	19,300,696
Accumulated impairment	-	-	-	-
Accumulated amortisations	(1,140,599)	(6,938)	(50)	(1,147,586)
Net value	18,151,879	1,201	30	18,153,109
Increases	773,050	503	-	773,553
Disposals	-	(3,989)	-	(3,989)
Transfers and write-offs	-	204	-	204
Amortisation - year	(200,676)	(795)	-	(201,470)
Amortisation - write-offs and disposals	-	3,989	-	3,989
Net value	18,724,253	1,113	30	18,725,396
At 31 December 2013				
Acquisition cost	20,065,527	4,856	80	20,070,463
Accumulated impairment	-	-	-	-
Accumulated amortisations	(1,341,274)	(3,743)	(50)	(1,345,068)
Net value	**18,724,253**	**1,113**	**30**	**18,725,396**
	Concession Right	*Software*	Other	Total
At 1 January 2014				
Acquisition cost	20,065,527	4,856	80	20,070,463
Accumulated impairment	-	-	-	-
Accumulated amortisations	(1,341,274)	(3,743)	(50)	(1,345,068)
Net value	18,724,253	1.113	30	18.725.396
Increases	651,972	519	32	652,523
Disposals	-	-	-	-
Transfers and write-offs	-	-	-	-
Amortisation - year	(179,969)	(899)	(11)	(180,879)
Amortisation - write-offs and disposals	-	-	-	-
Net value	19,196,255	733	51	19,197,040
At 31 December 2014				
Acquisition cost	20,717,498	5,375	112	20,722,986
Accumulated impairment	-	-	-	-
Accumulated amortisations	(1,521,243)	(4,642)	(61)	(1,525,946)
Net value	**19,196,255**	**733**	**51**	**19,197,040**

The amount of intangible assets relates mainly to the right deriving from the Concession Contract, which was initially recorded for the amount agreed between EP and the State. The value of this right is increased following the investments made within the scope of the Contract.

Assets are made up of the percentage of finished work in relation to each work, regardless of the company performing the work, i.e. EP or pursuant to a PPP agreement.

The amount of €m652 of investment carried out in the period includes approximately €m32 relating to the construction of sub-concessions, €m580 relating to payments net of receivables from State concessions and €m40 to own works of EP.

These figures include capitalised financial expenses in the amount of €m93 in 2014 (€m 144 in 2013). See note 23.

The amortisations for the year are calculated under IFRIC 12 according to the equivalent units method, on the value of total investment already made or to be made in the future within the scope of the Concession between EP and the State, based on the estimated economic and financial flows during the period of the Concession. These values were revised and approved by the Board of Directors in July 2014, having the same base of the multiannual financial model K16 plan with the amendments referred to in Note 4.1.

The total investment of the Concession was estimated based on the following main assumptions:

• The annual costs with the formerly toll-free motorways (ex-SCUT) are effective until 2032 and represent the best estimate based on the preliminary agreements reached between the Negotiation Committee and the Concessionaires;
• The costs of construction under the Sub-Concession Contracts, valued at the cost of each base case, including the changes resulting from the Memoranda of Understanding;
• EP's direct investment in the modernisation of the road network, divided into investment in rehabilitation and in construction of bypasses;
• EP's other investments concern the installation and improvement of equipment, and studies, projects, supervision and assistance;
• Costs with regular maintenance reflect the new guidelines resulting from implementation of the new strategic plan, as referred in note 25;
• The National Road Plan 2000 is deployed until 2040.

The total investment is amortised according to the best estimate of revenues generated during the concession period.

Annual revenues were estimated based on the following main assumptions:

• Road Service Contribution (RSC) - the figure assumed is that in EP's budget for 2014. From 2016 to 2020 the evolution of fuel consumption according to the Directorate-General for Energy and Geology, and a 2% annual increase in tariffs were considered. From 2021 onwards, the RSC increases based on the assumption that the annual consumption of gasoline and auto diesel increases by 0% and the unit price per litre consumed increases in accordance with the CPI (2%/year). In addition, the exemptions on consumption of biogasoline and biodiesel as from 2016 were not considered;
• The sub-concessions' toll revenue is based on the base cases, or in more recent traffic surveys prepared by specialised consultants and available at the time of review and approval of the economic and financial flows for the period of the Concession. After the sub-concessions revert to EP, the growth rate considered is that of the CPI, based on the last year of these surveys and base cases;
• After the ex-SCUT motorways revert to EP the growth rate considered is that of the CPI, based on the more recent traffic surveys prepared by specialised consultants and available at the time;
• In the State Concessions of tolled motorways, after they revert to the State, the growth rate considered is that of the CPI, based on the last year of the respective base cases or in the more recent traffic surveys prepared by specialised consultants and available at the time;
• In general, the remaining operating revenues (from service areas, telematics and other) were estimated in 2014 within the scope of the revision of the economic and financial model for the period of the concession.

Based on these assumptions the estimated amortisation in 2014 was €180m.

10. Deferred tax assets and liabilities

The amounts of deferred tax assets and liabilities recognised in the consolidated financial position as at 31 December 2014 and 2013 are stated by their gross value.

The Board of Directors is confident that the tax results generated in the future will permit the full reversal of the deferred tax assets recognised.

Deferred tax assets and liabilities were valued at the nominal income tax rate at which they are expected to be reversed. The rate used was 29.5%, which corresponds to a nominal rate of 21%, municipal surcharge of 1.5% and State surcharge of 7% since EP's tax results in future years are expected to be significantly higher than the limit of application of the State surcharge.

The impact of movements in the deferred tax headings in 2014 and 2013 was as follows:

Impact of movements in the deferred tax headings

	31.12.2014	31.12.2013
Impact on the income statement		
Deferred tax assets	13,467	11,517
Deferred tax liabilities	3,705	3,894
	17,172	15,410
Impacts on equity		
Deferred tax assets	-	-
Deferred tax liabilities	-	-
Net impact of deferred taxes	17,172	15,410

The movements in the deferred tax assets and liabilities headings in 2014 and 2013 were as follows:

Deferred tax assets - movements in the year

	Social Plan Provisions	Disqualified Roads Provision	VAT Provision	Regular Maintenance	Employee Benefits	Adjustment Clients	Other	Total
At 1 January 2013	**1,959**	**1,967**	**40,852**	**29,547**	**821**	**129**	**1,735**	**77,009**
Changes in the period								
Creation/reversal through capital	-	-	-	-	-	-	-	-
Reversal through results	(613)	-	-	-	(174)	-	-	(787)
Effect of change in tax rate	(85)	(125)	(3,006)	653	(41)	(11)	30	(2,586)
Creation through results		-	6,500	8,339	-	50	-	14,890
Movement in the period	(698)	(125)	3,494	8,992	(215)	39	30	11,517
At 31 December 2013	**1,261**	**1,842**	**44,346**	**38,540**	**606**	**168**	**1,765**	**88,526**

	Social Plan Provisions	Disqualified Roads Provision	VAT Provision	Regular Maintenance	Employee Benefits	Adjustment Clients	Other	Total
At 01 January 2014	**1,261**	**1,842**	**44,346**	**38,540**	**606**	**168**	**1,765**	**88,526**
Changes in the period								
Creation/reversal through capital	-	-	-	-	-	-	-	-
Reversal through results	(694)	-	-	-	(133)	(127)	-	(954)
Effect of change in tax rate	-	-	-	-	-	-	-	-
Creation through results	-	-	4,907	9,514	-	-	-	14,421
Movement in the period	(694)	-	4,907	9,514	(133)	(127)	-	13,467
At 31 December 2014	**567**	**1,842**	**49,252**	**48,054**	**472**	**41**	**1,765**	**101,993**

The main changes in deferred tax assets resulted from movements in provisions not accepted for tax purposes. For more information see Note 18.

Deferred tax liabilities - movements in the year

	Transition of standards	Total
At 1 January 2013	7,599	7,599
Changes in the period		
Creation/reversal through capital	-	-
Creation through results	-	-
Effect of change in tax rate	63	63
Reversal through results	(3,956)	(3,956)
Movements in the period	(3,894)	(3,894)
At 31 December 2013	3,705	3,705

	Transition of standards	Total
At 01 January 2014	3,705	3,705
Changes in the period		
Creation/reversal through capital	-	-
Creation through results	-	-
Effect of change in tax rate	-	-
Reversal through results	(3,705)	(3,705)
Movements in the period	(3,705)	(3,705)
At 31 December 2014	-	-

11. Trade debtors and other accounts receivable

In the years ended 31 December 2014 and 2014 the breakdown of Trade debtors and other accounts receivable was as follows:

	31.12.2014			31.12.2013		
	Current	Non-Current	Total	Current	Non-Current	Total
Trade receivables	40,570	-	40,570	36,004	-	36,004
Doubtful debtors	3,050	-	3,050	3,349	-	3,349
	43,620	-	43,620	39,353	-	39,353
Impairment losses on trade receivables	(3,050)	-	(3,050)	(3,349)	-	(3,349)
Total trade receivables	40,570	-	40,570	36,004	-	36,004
Increase in RSC income	90,052	-	90,052	85,921	-	85,921
Community Funds	965	-	965	965	-	965
Other	28,915	-	28,915	26,602	-	26,602
	119,933	-	119,933	113,488	-	113,488
Impairment losses in other accounts receivable	(5,982)	-	(5,982)	(5,982)	-	(5,982)
Total Other accounts receivable	113,950	-	113,950	107,505	-	107,505

The increase in RSC revenue corresponds to the revenue in the last two months of the accounting period since the RSC is billed and collected with that time lag.

The balance in the Community Funds heading represents the amount of subsidies to investment receivable, considering the expenditure already incurred and the corresponding requests for reimbursement made.

From the €40,570 in trade receivables on 31 December 2014, €24,984 thousand are toll receivables, which were only received by EP in 2015 or charged as of 31 December 2914 but not yet received by EP.

'Other' includes €17.9m in supplier credit notes from State concessions not yet discounted from the availability payments due to still ongoing negotiations.

Ageing of trade receivables

31/12/2013	Total due	up to 30 days	30 to 180 days	181 to 360 days	more than 361 days
Trade receivables	36,004	23,894	9,235	814	2,061
Doubtful debtors	3,349	-	-	391	2,958
Total	**39,353**	**23,894**	**9,235**	**1,205**	**5,019**

31/12/2014	Total due	up to 30 days	30 to 180 days	181 to 360 days	more than 361 days
Trade receivables	40,570	30,140	1,209	2,303	6,918
Doubtful debtors	3,050	-	-	62	2,988
Total	**43,620**	**30,140**	**1,209**	**2,365**	**9,906**

Balances long due but not considered doubtful debts mainly concern receivables from public entities in connection to the execution of works in the NRN.

Impairment losses on trade receivables

	31/12/2014	31/12/2013
Start of period	3,349	3,256
Increases	-	94
Uses	-	-
Reductions	(299)	-
End of period	**3,050**	**3,349**

The adjustment in trade receivables resulted from some balances having been considered doubtful debts based on an analysis made of the current accounts.

Impairment losses in other accounts receivable

	31/12/2014	31/12/2013
Start of period	5,982	5,982
Increases	-	-
Uses	-	-
Reductions	-	-
End of period	**5,982**	**5,982**

EP regularly analysis the quality of its receivables and did not consider that any additional impairment was necessary in the period, or any change in the balances adjusted in previous periods. All impaired balances result from the execution of works in the NRN.

12. State and other public entities

In the periods ended 31 December 2014 and 2013 the amounts payable to and receivable from the State were as follows:

		31/12/2014		31/12/2013	
		Debtor	Creditor	Debtor	Creditor
Income tax	i)	93	-	533	-
Total current tax assets / Liabilities		93	-	533	-
Withholding income tax		-	446	-	477
Value added tax (VAT)	ii)	848,045	-	682,722	-
Contributions to Social Security, CGA and ADSE		-	1,543	-	1,534
Other taxes		-	4	-	4
Total state and other public entities		**848,045**	**1,993**	**682.722**	**2,015**

i) Breakdown of the income tax creditor/debtor balance in the periods presented:

	31/12/2014	31/12/2013
Payments on account	24,956	27,465
Tax withheld at source	114	71
Estimated income tax	(24,977)	(27,002)
Total	**93**	**533**

ii) As referred in this note, the caption State and other public entities includes VAT receivable in the amount of €848,045 for which the reimbursement of €227,562 thousand has already been requested. This balance to be recovered mainly concerns VAT deducted by EP in its activity. The company considers it is entitled to make this deduction since the State collected VAT on a revenue of EP - the Road Service Contribution -, which in accordance with the legally established mechanisms for settlement and collection, was delivered to it by the fuel distributors. EP has filed two lawsuits, currently pending, one claiming the reimbursement of VAT up to June 2009 and the other the reimbursement of VAT from July to September and the deduction of October 2009.

The first case, concerning the claim for the reimbursement of VAT up to June 2009, was rejected by the Tax and Customs Authority (TA), which notified the company concerning additional payments of VAT and interest in the amount of €277,124 thousand and €11,697 thousand, respectively.

EP did not agree with these additional payments as it considered them undue, and on 30 November 2010 contested the hierarchical appeal with the Administrative and Tax Court of Almada. However this request was refused in the first instance in January 2013. EP did not agree with this ruling and appealed against it on 6 March 2013.

The second case, concerning the reimbursement of VAT from July to September and the deduction of October 2009, was also rejected by the TA, which notified the company to pay additional VAT and interest in the amount of €64,506 thousand and €763 thousand, respectively. On 29 July 2011 EP contested the hierarchical appeal with the Administrative and Tax Court of Almada. However this request was refused in the first instance in January 2013. EP did not agree with this ruling and appealed against it on 11 March 2013.

As a result of the referred developments in the VAT process, in 2014 EP reinforced the provision by €20,388 thousand, to €301,846 thousand on 31 December 2014. This corresponds to the amount of VAT which EP estimates it would cease to receive from the TA if it were considered that the RSC is not subject to VAT. See Note 18.

13. Deferrals

As at December 31, 2014 and 2013 the Company had the following amounts booked in deferrals:

	31/12/2014	31/12/2013
Insurance	20	20
Specialised works	159	13
Other services	559	371
Expenses to be recognised	737	404
Subsidies to Investment	10.266.557	10.313.014
Greater Lisbon Concession Subscription Fee	24.500	25.666
Douro Litoral Concession Signature Fee	146.061	153.749
Sale BRISA Concession Term	152.300	152.300
Non current revenue to be recognised	10.589.418	10.644.729
Grande Lisboa Concession Signature Fee	1.167	1.167
Douro Litoral Concession Signature Fee	7.687	7.687
Property draft purchase/sale agreements	140	140
Other income	1.121	1.228
Current revenue to be recognised	10.116	10.222

Expenses to be recognised concern the pre-payment of services contracted but not yet provided.

Income to be recognised essentially concern subsidies to investment in the amount of €10,267m (see Note 17), early receipts of concession income, in the amount of €331.7m, and of the selling value of properties already billed on the date of the draft purchase/sale agreement but which will only be recognised as income on the date of the deed, and income from the Road Technical Channel.

14. Cash and cash equivalents

At 31 December 2014 the detail of cash and cash equivalents was as follows:

	31/12/2014	31/12/2013
Cash	56	106
Bank deposits	75,690	17,609
Sub-total (Statement of Financial Position)	75,746	17,715
Bank overdrafts	(163)	(834)
Total (Statement of cash flows)	**75,583**	**16,881**

There are no restrictions on the movement of these sums.The bank overdrafts in the Statement of Financial Position are shown in Current Liabilities under Loans Obtained, as explained in Note 19.

15. Share capital

In December 2014 the share capital of EP was increased by a total of €1,521,595 thousand through the issuance of 304,319 new registered shares in the amount of €5,000 each, subscribed at par by the shareholder State and already fully paid up, as follows:
• €793,210,000 share capital increase through the issuance of 158,642 new registered shares, in the amount of €5,000 each, fully subscribed and paid up by the State;
• €728,385,000 share capital increase, through the issuance of 145,677 new registered shares in the amount of €5,000 each, fully subscribed and paid up by the State through the conversion of credits held by the State relative to the service of the debt.

At 31 December 2014 EP - Estradas de Portugal, S. A. had share capital of €1,994,585 thousand, fully subscribed and paid up by the State, represented by 398,917 dematerialised registered shares in the amount of €5 thousand each held by the Directorate-General for the Treasury and Finance (DGTF), through which the State's rights as shareholder are exercised.

16. Reserves

Reserves registered the following movements during the years ended as at 31 December 2014 and 2013:

	General Statutory Reserve	Statutory Investment Reserve	Transition Reserve	Total Other Reserves	Legal Reserve	Total
01 January 2013	37,403	150,961	55,203	243,566	63,454	307,020
Increases	3,669	31,185	-	34,853	1,834	36,688
Recognition in profit/(loss) for the period	-	-	3,894	3,894	-	3,894
Disposals	-	-	-	-	-	-
31 December 2013	41,071	182,145	59,097	282,313	65,288	347,601
Increases	1,476	12,549	-	14,026	738	14,764
Recognition in profit/(loss) for the period	-	-	3,705	3,705	-	3,705
Disposals	-	-	-	-	-	-
31 December 2014	42,548	194,695	62,802	300,044	66,026	366,071

The commercial legislation establishes that at least 5% of the annual net profit must be appropriated to a legal reserve until the reserve equals at least 20% of the share capital. This reserve is not available for distribution except upon liquidation of the company, but can be used to absorb losses once the other reserves have been exhausted, or to increase capital.

According to Article 22 of Decree-Law no. 374/2007 of 7 November, EP must annually create the following reserves:
a) General reserve - a percentage of no less than 10% of each year's results, determined in accordance with the accounting standards in force, is appropriated to the legal reserve.

This reserve may be used to cover any losses in the financial year.
b) Investment reserve:

i) the share of each year's results annually allocated to this reserve;
ii) revenues from contributions, subsidies, grants, or any other financial compensations of which the company is the beneficiary and which were allocated to this end;
iii) revenues especially allocated to investment.

17. Subsidies to Investment

The Deferrals caption in Non Current Liabilities includes the subsidies to investment received by EP to finance the intangible assets relative to the Concession Right that were not yet recognised through profit or loss. These subsidies are amortised over the period of the concession at the rate of the intangible asset in question. Movement in subsidies to investment in the period ended as at 31 December 2014:

	Subsidies to Investment
At 31 December 2012	10,357,212
Increases	6,810
Write-downs	-
Amortisations	(51,008)
At 31 December 2013	10,313,014

	Subsidies to Investment
At 31 December 2013	10,313,014
Increases	3,795
Write-downs	(22)
Amortisations	(50,230)
At 31 December 2014	10,266,557

18. Provisions

The evolution of the provision for other risks and charges in 2014 and 2013 was as follows:

	General Risks	Expropria-tions	Works	Employee Benefits	Disqualified Roads	Social Plan	Works in Negot.Stage	VAT Process	Total
01 January 2013	16,128	73,989	53,211	2,622	412,354	6,218	587	259,260	824,370
Allocation	5,986	5,823	6,484	-	-	773	-	22,198	41,264
Reduction	(3,467)	(12,993)	(14,530)	(569)	(878)	(2,718)	(25)	-	(35,180)
31 December 2013	18,647	66,819	45,165	2,052	411,476	4,273	562	281,459	830,453
Current balance	-	-	-	-	-	-	-	-	-
Non-current balance	18,647	66,819	45,165	2,052	411,476	4,273	562	281,459	830,453
	18,647	66,819	45,165	2,052	411,476	4,273	562	281,459	830,453

	General Risks	Expropria-tions	Works	Employee Benefits	Disqualified Roads	Social Plan	Works in Negot.Stage	VAT Process	Total
01 January 2014	18,647	66,819	45,165	2,052	411,476	4,273	562	281,459	830,453
Allocation	3,575	103	17,937	-	-	1,721	-	20,388	43,723
Reduction	(1,672)	(4,348)	(4,008)	(451)	(950)	(4,073)	-	-	(15,501)
31 December 2014	20,551	62,574	59,094	1,601	410,526	1,920	562	301,846	858,676
Current balance				-	-	-	-	-	-
Non-current balance	20,551	62,574	59,094	1,601	410,526	1,920	562	301,846	858,676
	20,551	62,574	59,094	1,601	410,526	1,920	562	301,846	858,676

Provisions for lawsuits in progress

- **General risks:**

The analysis made by the Company's Legal Department admitted a risk of €20,551 thousand as at 31 December 2014 relative to potential responsibilities under general litigation processes unconnected to works.

• Land expropriations:
This provision was set up to deal with the risk of EP having to make additional payments in connection to land expropriation processes in litigation. The provision reflects the consultations made by the Company's General Litigation department to the external and internal lawyers dealing with the processes.

From the total €4,348 thousand reduced to this provision, €3.344 thousand concern payments relative to processes concluded during the year, of which €2.363 thousand are State concessions' expropriation processes and €981 thousand only relate to EP own works. Note that on account of their nature all the increases and reductions of this provision are offset against intangible assets in progress.

• Works:
In the case of General Litigation Processes related to Works, the analysis made by the external and internal lawyers concluded that there was an estimated risk of €59,094 thousand. This value is influenced by the reduction of the provision in the period by approximately €4,008 thousand, of which €3,916 thousand correspond to the release of provisions for processes terminated where the cost borne by EP was lower than the amount of the risk provisioned for, and by a €17.937 thousand increase corresponding to the risk associated to new processes opened but not closed during the year. Note that on account of their nature all the increases and reductions of this provision are offset against intangible assets.

• VAT Process:
For prudence reasons, and in light of the developments in the VAT process described in Note 12, it was decided in 2010 to set up a provision for this process, which is expected to result in an unfavourable ruling for EP.

Since the issue that gave rise to the difference between EP and the TA was whether or not the RSC was accepted as a revenue subject to VAT, the provision created corresponds to the entire VAT deducted by EP in activities financed by the RSC. It should be noted that this provision was offset based on the accounting classification of the expense that originated the deductible VAT, i.e., the provision for VAT deducted from expenditures in the year was made against expenditures (€16,633 thousand) and the provision for VAT deducted on the acquisition or construction of assets was made against intangible assets (€3,755 thousand).

Provisions for other non litigious situations

• Provision for Disqualified Roads
The implementation of the Agreements to transfer the disqualified roads to the responsibility of the municipalities led to the utilisation of this provision in the amount of €950 thousand. In 2014 there was no significant change in the quantity of disqualified roads not yet transferred, and therefore EP considers that the provision reflects the best estimate of the amount required to meet the obligation to requalify the disqualified roads still under the company's responsibility.

• Social Plan Provision:
This provision is intended to meet the commitments with the Staff Streamlining Plan already assumed by EP as at 31 December 2014. The plan consists in a programme of voluntary terminations of employment contracts aimed at fitting the organisation to the Strategic Plan. Following the organic restructuring, this will entail reviewing the functional profiles, particularly in areas of greater organisational transformation, and the consequent adjustment of the teams.
The amount of the provision corresponds to Management's best estimate of the amount of the redundancy payments to be made to the employees covered by the plan.

• Provision for Works in the negotiation phase:
The relevant services' best estimate for the risk associated to these processes is €562 thousand.

• Employee Benefits:
EP grants temporary early retirement benefits and retirement and survival complementary pension benefits to its employees which as at 31 December 2014 totalled €1,601 thousand.

The complementary retirement and survival pension benefits attributed to the employees constitute a defined benefit plan under which EP pays early retirement pensions to the closed group of employees covered by the plan until such time as they retire under the Caixa Geral de Aposentações system. The provision covers the responsibilities for benefits attributed to an already quite small group of employees (48), for a limited period of time. It was therefore the Board of Directors' opinion that it was not necessary to have the annual responsibilities assessed by a specialised firm, as this could be done internally.

19. Loans Obtained

At the end of the year, Loans obtained had the following breakdown, as far as repayment terms (current and non-current) and the nature of the financing were concerned:

	31/12/2014			31/12/2013		
	Current	Non current	Total	Current	Non current	Total
Bond Loans	-	125,000	125,000	-	125,000	125,000
Bank loans on current account	13,377	180,593	193,970	6,689	193,970	200,659
Bank Overdrafts	163	-	163	834	-	834
	13,540	305,593	319,133	7,523	318,970	326,493
Financing costs - accrual basis	(4,264)	-	(4,264)	(4,337)	-	(4,337)
Financing costs (advanced)	3,966	-	3,966	3,945	-	3,945
	13,242	305,593	318,835	7,130	318,970	326,101

In light of the current situation of the financial markets, the shareholder is expected to maintain its support to the company, providing it with the funds required to meet its funding needs, namely in the short term. See also Note 20.

All loans were contracted at fixed interest rates.

Maturity breakdown of the non-current loans:

	31/12/2014	31/12/2013
2 to 5 years	53,509	53,509
More than 5 years	252,084	265,461
	305,593	318,970

The average interest rate on these loans is 4.05% (4.17% in 2013)

As at 31 December 2014 EP had credit lines contracted but unused in the amount of approximately €100m.

20. Shareholder loans

As at 31 December 2014 and 2013 the breakdown of Shareholder Loans was as follows:

	31/12/2014			31/12/2013		
	Current	Non current	Total	Current	Non current	Total
Shareholder loans contract	763,505	1,452,073	2,215,578	646,400	2,215,578	2,861,978
Costs with shareholder loans (advanced)	5,076	-	5,076	15,015	-	15,015
	768,581	1,452,073	2,220,654	661,415	2,215,578	2,876,993

The purpose of these shareholder loans was to allow EP to reimburse certain credit lines and meet its funding needs up to 2013. In 2014 the shareholder did not grant new loans to EP, having provided for its funding needs through capital increases. See Note 15.

The reduction in shareholder loans translates the conversion into equity of shareholder loans that matured in the period. For more information see Note 15.

These loans pay interest at various fixed annual nominal rates, agreed with the DGTF according to the amount and dates of the disbursements.

Maturity breakdown of the non-current shareholder loans:

	31/12/2014	31/12/2013
2 to 5 years	1,334,969	1,981,369
More than 5 years	117,105	234,209
	1,452,073	2,215,578

The average interest rate on these shareholder loans is 2.69% (2.76% in 2013).

21. Other accounts payable

As at 31 December 2014 and 2013 the detail of Other accounts payable was as follows:

		31/12/2014			31/12/2013		
		Current	Non current	Total	Current	Non current	Total
Investment suppliers							
General suppliers	i)	89,681	-	89,681	17,391	-	17,391
Other creditors							
Sundry creditors		1,643	-	1,643	1,644	-	1,644
Accrued expenses							
Sub-Concessions	ii)	364,667	3,248,943	3,613,609	554,455	3,276,886	3,831,340
Regular maintenance of roads	iii)	162,895	-	162,895	130,643	-	130,643
Holiday pay and bonuses		3,419	-	3,419	3,317	-	3,317
Other	iv)	36,456	-	36,456	33,015	-	33,015
Other accounts payable		658,759	3,248,943	3,907,702	740,464	3,276,886	4,017,350

i) ‘Investment suppliers’ refers mainly to the amounts billed for the execution of works in own projects and the amount payable for State Concessions. The increase in this caption essentially resulted from the amount billed in connection with State concessions.

ii) ‘Investment suppliers’ includes EP’s liability to the sub-concessionaires for the construction, operation and maintenance services already provided by them but not paid, in the amount of €3,607,483 thousand, which are remunerated for accounting purposes a rates between 5% and 9%, of which €364,667 thousand are payable in 2015. The reduction recorded in this heading results from the payment in 2014 relating to liabilities resulting from the transfer of A21 to EP occurred in 2010, which totalled €m 244.7.

iii) This account represents EP’s responsibility for maintaining or restoring certain service levels in the infrastructure, and is build up throughout the period running up to the scheduled start of works.

iv) ‘Others’ mainly includes amounts payable by EP in connection to its Concession Contract with the State, totalling 24.037m€.

22. Trade creditors

As at 31 December 2014 and 2013 the caption ‘Trade Creditors’ was detailed as follows:

	31/12/2014	31/12/2013
Suppliers, current accounts	17,174	25,703
Total Suppliers, current accounts	17,174	25,703
Advances to suppliers (debtor balance)	(45,158)	(36,534)
Total advances to suppliers	(45,158)	(36,534)

The reduction in trade creditors resulted from EP’s significant investment at the end of 2013 in interventions to restore the effects of bad weather.

The significant increase in advances to suppliers resulted from the application of the toll collection transitional regime in the Algarve, Beira Litoral e Alta, Beira Interior and Interior Norte Concessions, where the operators are withholding EP toll revenue, as agreed, to develop the toll collection activity until the respective service provision contract has been fully formalised.

23. Sale of goods and provision of services

The amount of sales and services provided booked in the Statement of comprehensive income can be detailed as follows:

		31/12/2014	31/12/2013
Services rendered			
Construction Contracts	i)	141,861	343,582
Road Service Contribution	ii)	531,387	508,580
Tolls	iii)	261,717	240,152
Licensing		1,854	4,799
Other		4,535	2,889
Sale of goods and provision of services		941,354	1,100,003

i) Construction Contracts

This account reflects EP’s income from its activity of building the NRN, as established in the Concession Contract. It includes all EP’s construction activities, whether carried out directly or sub-concessioned.

The detail of the construction contracts in the reporting periods is as follows:

	31/12/2014	31/12/2013
New Infrastructure Construction	24,843	3,637
Sub-Concessioned Network - Construction	24,025	195,612
Capitalised borrowing costs	92,992	144,333
	141,861	343,582

The amounts of New Infrastructure Construction concern construction activities under EP’s direct management, and are calculated based on monthly monitoring reports stating the state of progress of the works and the expenses directly attributable to preparing the assets for their intended use.
The construction of the Sub-Concessioned Network is determined based on the construction values contracted for each sub-concession and the percentage of completion reported to EP by each sub-concessionaire. It therefore reflects the physical evolution of the works and is independent from the turnover flow.
Capitalised borrowing costs correspond to EP’s borrowing costs during the phase of construction, comprising the costs of bank loans used to finance the acquisition of the State’s Concessioned Network - these are the totality of costs with this type of financing in so far as the investment made in this network ex-

ceeded the increase in the annual debt -, and the accounting remuneration of the sub-concessionaires' debt (corresponding to the stretches still in construction), to which the rate implicit in the base case of each contract (resulting from the mismatch of financial flows with the physical evolution of the works) is applied. These theoretical rates vary between 5% and 9%.

ii) Road Service Contribution (RSC)
The value of the road service contribution in 2014 is €67/1,000 litres of gasoline, €91/1,000 litres of auto diesel and €103/1,000 litres of auto LPG.

In 2014 the road service contribution increased by approximately €23m, or 4.5%, relative to the previous year, driven by the growth of fuel consumption in 2013 and a rise in tariffs.

iii) Tolls
Toll revenue increased by 9% year-on-year, underpinned by the sharp increase in traffic in the Algarve, Beira Interior, Interior Norte and Beiras Litoral e Alta concessions over 2013.

The increase in toll revenue from EP's sub-concessions, especially the Pinhal Interior sub-concession due to the opening of new road stretches, also contributed significantly to this growth.

24. Cost of goods sold and materials consumed

This account reflects EP's expenses in its activity of building the NRN, as established in the Concession Contract. It includes all EP's construction activities, whether carried out directly or sub-concessioned.

		31/12/2014	31/12/2013
New Infrastructure Construction	i)	23,864	2,456
Sub-Concessioned Network - Construction	ii)	23,425	194,733
Capitalisation of Concession Tolls	iii)	208,149	191,395
		255,438	388,584

i) The amounts of New Infrastructure Construction concern construction activities under EP's direct management, and are calculated based on monthly monitoring reports stating the state of progress of the works.

ii) The construction of the Sub-Concessioned Network is determined based on the construction values contracted for each sub-concession and the percentage of completion reported to EP by each sub-concessionaire. It therefore reflects the physical evolution of the works and is independent from the turnover flow. The significant reduction is this caption is due to the nearing end of the sub-concessions' construction and the fact that the renegotiation of the sub-concessions substantially reduced the scope of new construction.

iii) As referred in Note 3.18 (iv) the amounts received by EP relative to tolls in State concessions (net of collection costs) are deducted to EP's investment in the acquisition of rights over this concessioned network. This deduction is offset in this caption.

25. Supplies and Services

The breakdown of supplies and services is as follows:

		31/12/2014	31/12/2013
Regular Maintenance of Roads	i)	53,000	53,000
Current maintenance and Safety	ii)	44,895	55,311
Toll Collection Costs		20,010	21,728
Operation and Maintenance Sub-Concessions	iii)	18,760	12,391
RSC Collection Costs	iv)	10,628	10,172
Rents and leases		1,959	2,270
Other		8,590	8,241
Supplies and Services		157,841	163,113

i) Regular Maintenance of Roads - this cost corresponds to the recognition of the increase in EP's responsibility for the expenditure required to maintain the service level in roads and engineering structure imposed by the Concession Contract. It does not correspond to a need to invest in maintenance in the period but to the amount corresponding to the period in which the responsibility for making the intervention was recognised, as described in Note 21 iii).
The implementation of the new strategic plan in 2013 involved studying a new maintenance management model for the network under EP's jurisdiction to permit the optimisation of investment through an intervention/services approach. Based on this analysis, the average annual regular conservation figure was revised to an annual average amount of investment of €53m.

Since this study is recent and there have been no significant changes, EP believes that it still reflects its best estimate for the network's needs.

ii) Current Maintenance and Safety - the expenses incurred in the year with current maintenance interventions in roads and engineering structure and with road safety are booked in this caption.

iii) The operation and maintenance costs of the sub-concessions translate the recognition in the accounts of the operation and maintenance carried out by the sub-concessionaires within the scope of the sub-concession contracts in force. The payment of these amounts started in 2014, as contracted. The operation and maintenance costs of the sub-concessions increase in 2014. This was due to the entry into service of several road stretches.

iv) The RSC collection costs correspond to 2% of the RSC which is withheld by the TA for providing the service of calculating and collecting this contribution. Since these costs are a percentage of the amount charged, their evolution matches exactly the evolution of revenue.

26. Staff costs

The staff costs incurred in 2014 and 2013 were as follows:

	31/12/2014	31/12/2013
Remuneration		
Corporate Bodies	257	331
Employees	26,332	27,588
	26,588	27,919
Social expenses		
Social security expenses	6,036	6,057
Employee benefit costs	436	446
Other	229	269
Sub-total	6,700	6,772
Staff costs	33,289	34,691

In 2014 the average headcount, plus the members of the Board of Directors, totalled 1,054 (1,128 in 2013).

Staff costs decreased by 4% year-on-year, in line with the reduction in the number of employees, from 1,087 in 2013 to 1,054 in 2014.

27. Other income and gains

The detail of Other income and gains is as follows:

		31/12/2014	31/12/2013
Amortisation of investment subsidies	i)	50,230	51,008
Income from Concession Subscription Fees	ii)	8,854	8,854
Accidents	iii)	2,548	1,231
Gains on the sale of tangible assets	iv)	1,352	736
Other (below €1,000 thousand)	v)	1,747	6,279
		64,731	68,107

i) Income recognised on the amortisation of non-refundable subsidies to investment booked under 'income to be recognised' in liabilities.

ii) Reflects the recognition in the year of the corresponding share of the amount received on the signature of the Grande Lisboa and Douro Litoral Concessions.

iii) Income resulting from the reimbursement to EP of damages in the National Road Network, namely as a result of accidents.

iv) Capital gains on the sale of property and leftover plots of land.

v) Includes in 2013 approximately €4,600 thousand reimbursed by REFER to EP for conservation and maintenance works carried out in the 25 de Abril Bridge. The significant reduction in this heading is explained by the non repetition of this situation in 2014.

28. Other costs and losses

The table below shows the detail of Other costs and losses:

	31/12/2014	31/12/2013
Road Infrastructure Regulation Rate ("TRIR")	2,837	2,701
Tax	127	181
Corrections in previous years	123	78
Indemnities paid	387	321
Other	166	112
	3,641	3,393

29. Financial income and expenses

The breakdown of financial income and expenses in 2014 and 2013 is as follows:

		31/12/2014	31/12/2013
Financial expenses			
Borrowing costs		84,535	93,406
Sub-Concession Contracts financial expenses	i)	239,570	225,762
Bank services		700	714
Financial expenses of other Medium/Long Term debts	ii)	5,196	7,250
Other financial expenses		3,067	3,003
		333,068	330,134
Financial income			
Change in fair value of swap	iii)	-	5,207
Interest earned		596	305
		596	5,512

i) Include expenses with the financial update of the debt to the sub-concessionaires for works/services provided, which will only be billed in the future, in accordance with the terms set out in the Sub-Concession Contracts.

ii) These correspond to expenses in the reporting year with the responsibilities assumed relative to the transfer of the A21.

iii) The 2013 figure includes the income from the change in the fair value of a derivative financial instrument, the interest rate SWAP maturing on 15 July 2030 with the underlying amount of €125m that was contracted to minimise exposure to interest rate fluctuations. This swap was liquidated in advance for €8.988 thousand, €5.207 thousand below its fair value on 31 December 2012, originating the income booked in 2013.

From the total €333,068 thousand financial expenses, €72,049 correspond to financial expenses on shareholder loans.

30. Income tax

The detail of the income tax recognised in the financial statements for the period is as follows:

	31/12/2014	31/12/2013
Tax on current income	24,080	26,726
Tax on deferred income	(17,172)	(15,410)
Income tax	6,908	11,315

The income tax rates used to calculate the amount of tax were as follows:

	31.12.2014	31.12.2013
Tax rate	23.00%	25.00%
Municipal surcharge	1.50%	1.50%
State Surcharge	7.00%(1)	5.00%(2)
Income tax	31.50%	31.50%

(1) 3% on income between €1.5m and €7.5m, 5% on income between €7.5m and €35m and 7% on the part exceeding €35m.

(2) 3% on income between €1.5m and €7.5m and 5% on the part exceeding €7.5m.

The amount of tax for the year is reconciled as follows:

	31/12/2014	31/12/2013
Profit before tax	24,419	26,079
Nominal tax rate	24.5%	26.5%
	5.738	6.911
Accounting expenses non tax deductible in the year	11,610	13,356
Non accounting tax expenses	(395)	(871)
Accounting income not relevant for tax purposes in the year	(897)	(277)
Allocation of equity changes on transition	3,077	3,328
Effect of correction of deferred tax in the year	(17,172)	(15,410)
State Surcharge	4,828	4,108
Autonomous taxation	120	170
	6,908	11,315
Effective tax rate	29.5%	43.4%

The reduction in the effective tax rate translates the reduction in 2013 of the rate used to calculate deferred tax due to the foreseeable decrease of income tax. This led to an additional €2,500 thousand tax cost for EP, resulting from the tax rate in the year in which the deferred tax was calculated being higher than the rate in the year in which such tax is expected to be reversed.

In 2014 this effect did not occur since the marginal tax rate on the future tax used was maintained at 29.5%.

31. Financial assets and liabilities by category

The breakdown of financial assets and liabilities by category is as follows:

31/12/2013	Credits and receivables	Available-for-sale financial assets	Financial assets/liabilities at fair value through profit or loss	Other financial liabilities	Non financial assets/liabilities	Total
Assets						
Cash and cash equivalents	17,715	-	-	-	-	17,715
Clients and other accounts receivable	36,004	-	-	-	-	36,004
Other accounts receivable	107,505	-	-	-	-	107,505
Total financial assets	161,224	-	-	-	-	161,224
Liabilities						
Loans obtained	-	-	-	326,101	-	326,101
Shareholder loans	-	-	-	2,876,993		2,876,993
Other non current liabilities	-	-	-	-	-	-
Trade creditors	-	-	-	25,703	-	25,703
Other accounts payable	-	-	-	4,014,033	3,317	4,017,350
Total financial liabilities	-	-	-	7,242,830	3,317	7,246,146

31/12/2014	Credits and receivables	Available-for-sale financial assets	Financial assets/liabilities at fair value through profit or loss	Other financial liabilities	Non financial assets/liabilities	Total
Assets						
Cash and cash equivalents	75,746	-	-	-	-	75,746
Clients and other accounts receivable	40,570	-	-	-	-	40,570
Other accounts receivable	113,950	-	-	-	-	113,950
Total financial assets	230,266	-	-	-	-	230,266
Liabilities						
Loans obtained	-	-	-	318,835	-	318.835
Shareholder loans	-	-	-	2,220,654	-	2,220,654
Other non current liabilities	-	-	-	-	-	-
Trade creditors	-	-	-	17,174	-	17,174
Other accounts payable	-	-	-	3,904,283	3,419	3,907,702
Total financial liabilities	-	-	-	6,460,947	3,419	6,464,365

As at 31 December 2013 there were no assets or liabilities measured at fair value in the Statement of Financial Position.

32. Contingências

The company has the following contingent liabilities arising from bank guarantees, as follows:

Bank	Object	31/12/2014	31/12/2013
Novo Banco	VAT Process	148,593	148,593
Novo Banco	Land expropriation process	1	1
BPI	Land expropriation process	964	1,608
Totta	Land expropriation process	92	92
		149,650	150,295

The guarantees relative to the VAT process, provided in 2010, stem from the need to comply with a legal requirement imposed by the TA in order for the enforcement proceedings concerning the amount it considers is owed by EP in connection to the process described in Note 12 to be suspended.

33. Commitments

EP's commitments basically concern those assumed under the Sub-Concession Contracts and those inherent to the company replacing the State for payments and receipts from the Concessioned Network.

EP's net costs with the State's Road Concessions and Sub-Concessions (including the toll revenues after the end of the State's Concession Contracts with its private partners, which are EP revenues in accordance with the Concession Contract) at constant prices and including VAT (these figures were sent to the Directorate-General for the Treasury and Finance and were used as a basis for the corresponding table in the Report on the
State Budget for 2015) are summarised in the table below:

(€ million)

Concession Costs	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Gross Costs	1,483	1,404	1,376	1,325	1,355	1,290	1,268	1,138	1,076	1,062	939
Revenue	(358)	(386)	(393)	(399)	(415)	(421)	(425)	(431)	(439)	(632)	(540)
Net Costs	1,125	1,018	983	926	940	869	844	707	637	430	399

(€ million)

Concession Costs	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Gross Costs	841	773	737	619	572	427	370	374	350	337	329
Revenue	(549)	(555)	(703)	(796)	(839)	(859)	(892)	(919)	(1,123)	(1,895)	(1,908)
Net Costs	292	218	34	(177)	(267)	(432)	(522)	(545)	(773)	(1,559)	(1,578)

(€ million)

Concession Costs	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
Gross Costs	336	103	98	96	96	96	96	96	96	96	96
Revenue	(1,932)	(1,870)	(1,871)	(1,871)	(1,871)	(1,871)	(1,871)	(1,871)	(1,870)	(1,870)	(1,870)
Net Costs	(1,597)	(1,767)	(1,773)	(1,775)	(1,775)	(1,775)	(1,775)	(1,775)	(1,774)	(1,774)	(1,774)

(€ million)

Concession Costs	2049	2050
Gross Costs	96	96
Revenue	(1,870)	(1,870)
Net Costs	(1,774)	(1,774)

34. Information required by law

a) Under the terms of no.1 of article 21 of Decree-law no. 411/91 of 17 October the company hereby confirms that it does not have any overdue contributions to the Social Security or overdue debts to the Tax Administration.

b) Impact of EP's activity on the National Accounts and Public Accounts (Basis 12, number 3, paragraph c) of Decree-Law no. 110/2009 of 18 May).

a. National Accounts:

After consulting with the National Statistics Institute ("INE"), it was considered that all EP's accounting items had a direct impact on the national accounts. All flows between EP and units outside the General Government perimeter shall have a direct impact on general government aggregates (deficit and/or debt), such impact and the magnitude thereof depending on the operations in question. To give an example: when EP, SA receives interest from financial investments it is making a positive contribution to the general government balance; when it pays for services provided by Companies, it is increasing the public expenditure and the deficit; if EP obtains loans from the financial sector or from anywhere in the world, it is increasing the public debt.

Due to the nature of the national accounts system, the estimated impact of a single unit must be taken as merely indicative In so far as this is an integrated system, in order to evidence the underlying economic relations in a more explicit way, the national accounts methodology establishes that the operations of a unit or set of units be sometimes subject to transformations the analytic effect of which only makes sense within the broader scope of the accounts.

b. Public Accounts

Financial reporting on a public accounts basis uses the so-called cash basis where financial flows - payments and receipts - are registered.

On a public accounting basis, EP was not included in the general government consolidation scope until the end of 2011. Hence EP's accounts were not considered for purposes of determining the general government's balance and accounts.

By mid-2011 EP was included in the Reclassified Public Entities on an equal standing with the Autonomous Services and Funds, thus becoming integrated in the State Budget universe with effects as from the drafting of the 2012 Budget and 2012 execution.

c) Prospective financial information - commitments assumed and multi-annual forward-looking information for the concession period concerning the concessionaire's activity, namely in terms of results, funding needs, dividends payable to the shareholder and income tax (Base 12, number 4, paragraph b) of Decree-Law no. 110/2009 of 18 May):

Forward-looking information - Commitments assumed up to 31/12/2014

Table 1 provides forward-looking information on EP's future financial flows as at 31 December 2014, taking into account the commitments already assumed by the company. Note that compliance with the PRN 2000 requires making investments during the period of EP's Concession Contract, the financial inflows and outflows of which are not taken into account in the following table. The figures already factor in the estimated impact of the ongoing renegotiation of the Concession and sub-concession contract. Annual net income, annual funding needs, dividends payable and income tax figures were projected.

Values at current prices (€ thousand)

FORWARD-LOOKING INFORMATION - Commitments assumed up to 31/12/2014																				
Concession Costs	2015	2016	2017	2018	...	2025	...	2035	...	2045	...	2055	...	2065	...	2075	...	2082
Net Income	88,912	97,266	109,683	129,130	...	327,332	...	838,159	...	1,991,656	...	2,536,787	...	3,193,927	...	4,002,252	...	4,672,252
Annual Funding Needs	(780,539)	894,791	30,293	535,869	...	291,828	...	(1,014,223)	...	–	-	–	-	–	-	–	-	–
Dividends payable (a)	–	–	–	–	-	–	-	–	-	1,843,102	...	2,354,170	...	2,960,711	...	3,711,506	...	4,347,914
Income tax (b)	(18,539)	(70,535)	(50,080)	(58,218)	...	(136,969)	...	(350,719)	...	(833,388)	...	(1,061,492)	...	(1,336,466)	...	(1,674,701)	...	(1,955,056)
Financial flows with the State (c)	688,361	636,365	578,300	576,888	...	639,632	...	846,960	...	(1,185,637)	...	(1,598,321)	...	(2,081,848)	...	(2,685,33)	...	(3,200,974)

Values at constant prices (€ thousand)

FORWARD-LOOKING INFORMATION - Commitments assumed up to 31/12/2014																				
Concession Costs	2015	2016	2017	2018	...	2025	...	2035	...	2045	...	2055	...	2065	...	2075	...	2082
Net Income	88,294	95,634	105,728	122,033	...	269,300	...	565,682	...	1,102,703	...	1,152,196	...	1,190,051	...	1,223,330	...	1,243,266
Annual Funding Needs	(775,114)	879,773	29,201	506,416	...	240,090	...	(684,509)	-	–	-	–	-	–	-	–	-	–
Dividends payable (a)	–	–	–	–	-	–	-	–	...	1,020,454	...	1,069,253	...	1,103,156	...	1,134,460	...	1,156,961
Income tax (b)	(18,410)	(69,351)	(48,274)	(55,018)	...	(112,686)	...	(236,704)	...	(461,415)	...	(482,125)	...	(497,965)	...	(511,890)	...	(520,232)
Financial flows with the State (c)	683,576	625,685	557,445	545,180	...	526,233	...	571,622	...	(656,441)	...	(725,950)	...	(775,693)	...	(820,922)	...	(851,765)

(a) Exclusively for these activities and since the equity restriction exercise was not carried out, it is assumed that the cash flow available as from 2045 may be distributed as dividends, though not for a higher amount than the year's net income.

(b) For these activities only and from a cash flow standpoint.

(c) From EP's standpoint. Includes outflows: income tax, EP Concession Rent and Dividends; and inflows: ISP (oil tax) reduction (through creation of the RSC), from a cash flow standpoint.

35. Related Parties

Balances and significant transactions with public entities:

EP is fully held by the Portuguese State. The function of shareholder is exercised by the Directorate-General for the Treasury and Finance and the company is under the joint authority of the Ministry of the Economy and the Ministry of State and Finance. EP does not hold, directly or indirectly, any stake in the share capital of any other public or private entity.

The table below lists the main balances and transactions between EP and the State in 2013 and 2014:

31/12/2014		Note	Assets		Liabilities		Income	Expenditure
Nature	Heading in the accounts		Current	Non-current	Current	Non-current		
TRIR (road infr. reg. rate)	Other costs and losses	28	-	-	-	-	-	2,837
RSC Collection Cost	Suppliers and Services..	25	-	-	-	-	-	10,628
Increase in RSC expenditure	Other accounts payable	21	-	-	1,801	-	-	-
Shareholder loans	Shareholder loans	20	-	-	768,581	1,452,073	-	-
Financial expenses	Financial income and expenses	29	-	-	-	-	-	72,049
			-	-	770,392	1,452,073	-	85,514

31/12/2013		Note	Assets		Liabilities		Income	Expenditure
Nature	Heading in the accounts		Current	Non-current	Current	Non-current		
TRIR (road infr. reg. rate)	Other costs and losses	28	-	-	-	-	-	2,701
RSC Collection Cost	Suppliers and Services..	25	-	-	-	-	-	10,172
Increase in RSC expenditure	Other accounts payable	21	-	-	1,718	-	-	-
Shareholder loans	Shareholder loans	20	-	-	661,415	2,215,578	-	-
Financial expenses	Financial income and expenses	29	-	-	-	-	-	80,066
			-	-	663,133	2,215,578	-	92,939

In addition EP's share capital was increased by €1,521,595 thousand in 2014.

Remuneration of the Members of the Board of Directors:

(€)

Remunerações 2014	Chairman - António Ramalho	Vice-Chairman - José Serrano Gordo	Member – Vanda Nogueira	Member - João Grade (a)
Remuneration				
(1) Remuneration	58,372	52,535	46,698	7,783
(2) Reduction under Law 12-A/2010	2,919	2,627	2,335	389
(3) Reduction under SB Law 2014 up to 31 May and Law 75/2014 as from 13 September	4,436	3,993	3,549	887
(4) Gross remuneration (=1-2-3)	51,017	45,915	40,814	6,507
(1) 40% Representation Expenses	23,349	21,014	18,679	3,113
(2) Reduction under Law 12-A/2010	1,167	1,051	934	156
(3) Reduction under SB Law 2014 up to 31 May and Law 75/2014 as from 13 September	1,775	1,597	1,420	355
(5) Gross allowances (=1-2-3)	20,407	18,366	16,325	2,603
(1) Christmas bonus	4,864	4,378	3,891	649
(2) Reduction under Law 12-A/2010	243	219	195	32
(3) Reduction under SB Law 2014 up to 31 May and Law 75/2014 as from 13 September	370	333	287	74
(6) Christmas bonus (=1-2-3)	4,251	3,826	3,410	542
(1) Holiday bonus	4,864	4,378	3,891	3,891
(2) Reduction under Law 12-A/2010	243	219	195	195
(6) Holiday bonus (=1-2)	4,621	4,159	3,697	3,697
(7) Following year holiday bonus	-	-	-	616
(8) Holidays of the year not taken and following year holidays	-	-	-	3,450
(9) Reduction under 2014 State Budget Law	-	-	-	414
(5) Gross allowances (=7+8-3)	-	-	-	3,653
Total	80,297	72,267	64,246	17,001

(1) - Remuneration fixed by Public Manager Statute.

(2) - Reduction stipulated by Art. 12 of Law no. 12-A/2010.

(3) - Reduction stipulated by Art. 33º of Law no. 83-C/2013 of 31 December and Art. 2 of Law no.75/2014 of 12 September.

(4) - Remuneration after application of reductions referred to in (2) and (3).

(5) - Allowances after application of reductions referred to in (2) and (3).

(6) - Subsidies after application of reductions referred to in (2) and (3).

(7) - Following year's holiday bonus paid due to having renounced position, including reduction stipulated by Art. 12 of Law no. 12-A/2010.

(8) - Holidays not taken due to having renounced position, including reduction stipulated by Art. 12 of Law no. 12-A/2010.

(9) - Reduction stipulated by Art. 33 of Law no. 83-C/2013 of 31 December to holidays not taken.

(a) - Remuneration for the period comprised between 1 January to 28 February 2014.

36. Other relevant facts

i) Compensations, reservation of rights, requests for reinstatement of financial balance (RFB) and challenging of fines in the Sub-concessions and Service Provision Contracts.

Under the terms of the Sub-Concession Contracts, before any specific request for a reinstatement of financial balance (RFB) is made, EP's counterparty must issue a so-called 'reservation of rights', i.e., it must inform EP that it considers that a given fact is eligible for RFB purposes. Only after the reservation has been issued can requests for RFB can be made. Note also that it the reservation of rights is not issued within 30 from the date of the event, the presumed right to the RFB lapses.

Up to 31 December 2014 the following RFB requests were submitted:

<table>
<tr><th>Sub-Concession</th><th>Type of request</th><th>Fact that generated the request</th><th>Current situation</th></tr>
<tr><td>Autoestrada Transmontana (AEXXI)</td><td>Reinstatement of financial balance</td><td>Delay in refusing authorisation</td><td>SC renounced the request, by agreement. Formalisation of renunciation is pending.</td></tr>
<tr><td>Baixo Tejo (AEBT)</td><td>Reinstatement of financial balance</td><td>Specific changes in the law:
DL no. 112/2009, of 18/5;
Order no. 314-B/2010, of 14/6;
DL no. 111/2009, of 18/05;
Order no. 1033-C/2010, of 06/10.</td><td>Arbitration Pending establishment of inquiry proceedings</td></tr>
<tr><td>Litoral Oeste (AELO)</td><td>Reinstatement of financial balance</td><td>Specific changes in the law:
DL no. 112/2009, of 18/5;
Order no. 314-B/2010, of 14/6;
DL no. 111/2009, of 18/5;
Order no. 1033-C/2010, of 06/10.</td><td>Arbitration Pending establishment of inquiry proceedings.</td></tr>
<tr><td>Litoral Oeste (AELO)</td><td>Contesting of fine.</td><td>SC considers the fine illegal.</td><td>Fine challenging proceedings under way.</td></tr>
<tr><td>Pinhal Interior (Ascendi PI)</td><td>Reinstatement of financial balance</td><td>Specific changes in the law:
Law no. 46/2010, of 07/9;
Law no. 55-A/2010, of 31/12;
Law no. 64-B/2011, of 31/12.</td><td>Analysis completed. Pending Negotiation Committee decision.</td></tr>
<tr><td>Pinhal Interior (Ascendi PI)</td><td>Reinstatement of financial balance</td><td>Archaeological traces - Sra. da Alegria</td><td rowspan="3">Amount agreed with the Sub-concessionaire</td></tr>
<tr><td>Pinhal Interior (Ascendi PI)</td><td rowspan="2">Reinstatement of financial balance</td><td>Construction of the Peral, Alvaiázere and Almalaguês junction</td></tr>
<tr><td></td><td>Archaeological traces - Peral junction</td></tr>
</table>

Service Provision Contract	Type of request	Fact that generated the request	Current situation
Ascendi O&M Costa de Prata e Grande Porto	Reinstatement of financial balance	Specific changes in the law: Law no. 55-A/2010, of 31/12 introduced changes to the penalties system established by Law no. 25/2006.	Rejected.
Ascendi O&M Costa de Prata e Grande Porto	Reinstatement of financial balance	1 - Removal of 2 collection points (2 at Costa de Prata and 2 at Grande Porto). 2 - Facility to convert transactions from VTC to ETC and virtual EPD (electronic plate device) support 3 - Device for technical improvement of the vehicle classification system in the MLFF system to support the post-payment system (due to non approval of obligatory EPD). 4 - Device to support the Positive Discrimination Regime - Order no 1033- A/2010, de 06/10 (specific change in the law). 5 - Support device to the Discrimination Regime for goods vehicles: Order no. 41/2012, of 10 February (specific change in the law).	Requests 1 to 4 were rejected. The 5th was recognised and paid, except for the 10% margin requested by the operator.
ViaLivre - Norte Litoral	Reinstatement of financial balance	Specific change in the law: Amendment to Law no. 25/2006 stemming from the Law that approved the 2011 State Budget;	EP accepted the expenses presented as eligible, and these will be approved or rejected on a case-by-case basis. Costs incurred are regularly submitted and settled after validation and checking for conditions of approval by EP's BD.
ViaLivre - Norte Litoral	Reinstatement of financial balance	Specific change in the law: Order no. 41/2012, of 10/2.	Rejected.
ViaLivre - Norte Litoral	Reinstatement of financial balance	Specific change in the law: Order no. 41/2012, of 10/2.	Rejected.
ViaLivre - Norte Litoral	Reinstatement of financial balance	SEOPTC State Secretariat Orders of 28/12/2012, 29/1/2013 and 12/2/2013.	Rejected.
ViaLivre - Norte Litoral	Reinstatement of financial balance	Specific change in the law: amendment of Law no. 25/2006, pursuant to approval of Law no. 64-B/2011, de 30/10.	The BD accepted the expenses presented as eligible, and these will be approved or rejected on a case-by-case basis. Costs incurred are regularly submitted and settled after validation and checking for conditions of approval by EP's BD.

ii) Compensations, reservation of rights and requests for reinstatement of financial balance (RFB) in the State Concessions
These are State concessions, which were negotiated by the State. Hence EP is not aware of any reservations of rights and/or requests for reinstatement of financial balance since, even if they exist, they are not submitted to it because EP is not a counterparty in these contracts. Within the scope of its Concession Contract with the State, EP may be called to pay such RFBs, if the Grantor so deems convenient.

In 2014 EP paid approximately €4.4m in contributions, compensations and RFBs, including:

i) In the Lusoponte concession, the impact of the IX financial balance reinstatement, plus MPV payments and the receipt of the frequent user discount ("DUF") translated into a negative financial flow to EP of €0.7m;
ii) €3.5m payment to Autoestradas do Atlântico due to the non transfer to the concessionaire of guarantees for works in road stretches transferred to it, when it had spent a considerable amount in repairing them.

iii) **ex-SCUT (formerly toll-free motorways) contracts**
The "ex-SCUT" contracts were signed between the State and the different private partners. Where toll collection was only recently introduced - Algarve, Beira Interior and Interior Norte Concession - the contracts regulating the change of remuneration system from virtual tolls to the availability system have not yet been signed. Therefore EP continues to pay these concessionaires under the form of rents.

iv) **Rescission of the concession contract for the Marão motorway**
The Marão Motorway owes €m4.6 to EP, corresponding to the unavailability amounts determined by IMT relating to 2012 and 2013 up to rescission date, and reported to EP which invoiced them to the concessionaire according to IMT instructions.
Ministerial order nr. 7841-C/2013 determining the rescission of the concession contract also provided to IMT the powers to act on behalf of the State viewing the enforcement of the rescission decision.
Presently there are ongoing disputes opposing the former concessionaire of the Marão motorway to the State Grantor, which is represented by IMT. Arbitration proceedings are still pending and at this stage EP cannot know what the outcome may be.

37. Subsequent events

i) Board of Directors

A new Board of Directors of REFER has been appointed by Council of Ministers Resolution, with EP's Board of Directors being approved by unanimous written resolution of its General Meeting. A joint Board of Directors of Estradas de Portugal and REFER has therefore been nominated.
Both resolutions take effect on 1 January 2015. The holding of positions in both companies does not entitle the holders to cumulative remunerations.

Following the approval on 3 April 2015 of the Strategic Infrastructures and Transport Plan (PETI3+), which, among others, enshrines the creation of a single transport infrastructure management company in Portugal, a joint Board of Directors was appointed with the following composition:

Mr. António Ramalho was appointed Chairman of the joint Board of Directors of the two companies;

Mr. José Ribeiro dos Santos was appointed Vice-Chairman of REFER and Mr. José Serrano Gordo Vice-Chairman of Estradas de Portugal.

Ms. Vanda Nogueira, Mr. Alberto Diogo, Mr. José Carlos Osório and Mr. Adriano Rafael Moreira were appointed members of the Board of Directors.

ii) Amendment of EP's By-laws

By unanimous written corporate resolution of 31 December 2014, with effect from 1 January 2015, Article 10 (1) of EP's By-laws, published as an attachment to Decree-Law no. 374/2007, of 7 November, was amended and now reads as follows: "The Board of Directors is composed of one Chairman, one Vice-Chairman and three to five members, as decided by the General Meeting, which elects its members".

iii) Capital Increase

By unanimous written corporate resolution of 23 January 2015 the share capital of EP was increased by €306,275,000 through the issuance of 61,255 new registered shares in the amount of €5,000 each, partially subscribed and paid up by the State on 30 January 2015 (€54,470,000). The remaining amount was paid up in February 2015.

iv) National Road Network Statute

Law no. 275/XII, which approves the New National Road Network Statute, was published in the Journal of the Assembly of the Republic (Diário da Assembleia da República), II series A, no. 57/XII/4 2015.01.09.

v) Government approves merger of EP and REFER, creating a new company called "Infraestruturas de Portugal"

In a press release dated 9 April 2015 the Council of Ministers announced the approval of the "law enacting the merger, by incorporation, of EP - Estradas de Portugal, S.A., into REFER - Rede Ferroviária Nacional, E.P.E., resulting in a new company called Infraestruturas de Portugal, SA (IP, S.A.)."

vi) New bases of the Interior Norte, Beira Litoral e Alta, Costa de Prata, Norte, Grande Lisboa and Grande Porto Road Concessions

The Council of Ministers of 9 April 2014 also approved the new bases of the Interior Norte, Beira Litoral e Alta, Costa de Prata, Norte, Grande Lisboa and Grande Porto Road Concessions as an integral part of the renegotiation of the road infrastructure public-private partnerships.

As disclosed in points 6.7 Sub-Concessions and 6.8 Renegotiation of the Public-Private Partnerships, of the Management Report, the cost savings stipulated for the Concessions and Sub-Concessions under the memoranda of understanding signed and through the Negotiation Committees appointed by the UTAP (the technical support unit for PPP projects), were implemented by the Board of Directors of EP until 2014 and have already impacted the Financial Statements of EP – Estradas de Portugal, SA for the financial year ended 31 December 2014.

Almada, 9 April 2015

The Statutory Accountant,

The Board of Directors,

16. Opinions

REPORT AND OPINION OF THE SUPERVISORY BOARD

LEGAL CERTIFICATION OF ACCOUNTS

AUDITORS' REPORT